
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 1-34761



AutoWeb, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-0711569

(I.R.S. Employer Identification Number)

18872 MacArthur Boulevard, Suite 200, Irvine, California

(Address of principal executive offices)

92612

(Zip Code)

(949) 225-4500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 30, 2018, there were 12,947,950 shares of the Registrant's Common Stock, \$0.001 par value, outstanding.

INDEX

Page

PART I. FINANCIAL INFORMATION

<u>ITEM 1.</u>	<u>Financial Statements</u>	
	<u>Unaudited Consolidated Condensed Balance Sheets as of June 30, 2018 and December 31, 2017</u>	<u>1</u>
	<u>Unaudited Consolidated Condensed Statements of Operations and Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2018 and 2017</u>	<u>2</u>
	<u>Unaudited Consolidated Condensed Statements of Cash Flows for the Three and Six Months Ended June 30, 2018 and 2017</u>	<u>3</u>
	<u>Notes to Unaudited Consolidated Condensed Financial Statements</u>	<u>4</u>
<u>ITEM 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>ITEM 4.</u>	<u>Controls and Procedures</u>	<u>24</u>

PART II. OTHER INFORMATION

<u>ITEM 1A.</u>	<u>Risk Factors</u>	<u>25</u>
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>26</u>
<u>ITEM 6.</u>	<u>Exhibits</u>	<u>27</u>
	<u>Signatures</u>	<u>28</u>

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

AUTOWEB, INC.
UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEETS
(Amounts in thousands, except share and per-share data)

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,271	\$ 24,993
Short-term investment	255	254
Accounts receivable, net of allowances for bad debts and customer credits of \$659 and \$892 at June 30, 2018 and December 31, 2017, respectively	24,064	25,911
Prepaid expenses and other current assets	1,376	1,805
Total current assets	43,966	52,963
Property and equipment, net	3,702	4,311
Investments	100	100
Intangible assets, net	25,755	29,113
Goodwill	—	5,133
Long-term deferred tax asset	—	692
Other assets	1,233	601
Total assets	<u>\$ 74,756</u>	<u>\$ 92,913</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 8,895	\$ 7,083
Accrued employee-related benefits	2,697	2,411
Other accrued expenses and other current liabilities	7,649	7,252
Current convertible note payable	1,000	—
Total current liabilities	20,241	16,746
Convertible note payable	—	1,000
Borrowings under revolving credit facility	—	8,000
Total liabilities	20,241	25,746
Commitments and contingencies (Note 10)	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value, 11,445,187 shares authorized		
Series A Preferred stock, none issued and outstanding	—	—
Common stock, \$0.001 par value; 55,000,000 shares authorized and 12,947,950 and 13,059,341 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	13	13
Additional paid-in capital	358,898	356,054
Accumulated deficit	(304,396)	(288,900)
Total stockholders' equity	54,515	67,167
Total liabilities and stockholders' equity	<u>\$ 74,756</u>	<u>\$ 92,913</u>

See accompanying notes to unaudited consolidated condensed financial statements.

AUTOWEB, INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands, except per-share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues:				
Lead fees	\$ 22,211	\$ 26,347	\$ 46,291	\$ 55,439
Advertising	6,950	7,999	15,037	15,967
Other revenues	131	245	313	526
Total revenues	29,292	34,591	61,641	71,932
Cost of revenues	23,765	23,955	48,423	48,385
Gross profit	5,527	10,636	13,218	23,547
Operating expenses:				
Sales and marketing	3,052	3,229	6,764	6,992
Technology support	2,965	3,188	6,351	6,441
General and administrative	3,765	2,766	8,340	6,223
Depreciation and amortization	1,163	1,201	2,323	2,430
Goodwill impairment	—	—	5,133	—
Total operating expenses	10,945	10,384	28,911	22,086
Operating income (loss)	(5,418)	252	(15,693)	1,461
Interest and other income (expense), net	201	(96)	201	(196)
Income (loss) before income tax provision (benefit)	(5,217)	156	(15,492)	1,265
Income tax provision (benefit)	—	(166)	4	459
Net income (loss) and comprehensive income (loss)	\$ (5,217)	\$ 322	\$ (15,496)	\$ 806
Basic earnings (loss) per common share	\$ (0.41)	\$ 0.03	\$ (1.22)	\$ 0.07
Diluted earnings (loss) per common share	\$ (0.41)	\$ 0.02	\$ (1.22)	\$ 0.06

See accompanying notes to unaudited consolidated condensed financial statements.

AUTOWEB, INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income (loss)	\$ (15,496)	\$ 806
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,360	3,663
Goodwill impairment	5,133	—
Provision for bad debts	146	76
Provision for customer credits	153	7
Share-based compensation	2,569	1,955
Gain on sale of investment	(125)	—
Loss on disposal of assets	—	7
Change in deferred tax asset	692	124
Changes in assets and liabilities:		
Accounts receivable	1,548	8,332
Prepaid expenses and other current assets	428	(548)
Other assets	(632)	106
Accounts payable	1,812	(1,273)
Accrued expenses and other current liabilities	683	(3,282)
Net cash provided by operating activities	<u>1,271</u>	<u>9,973</u>
Cash flows from investing activities:		
Purchases of property and equipment	(392)	(996)
Proceeds from sale of investment	125	—
Net cash used in investing activities	<u>(267)</u>	<u>(996)</u>
Cash flows from financing activities:		
Payments on term loan borrowings	—	(3,938)
Payment on revolving credit facility	(8,000)	—
Proceeds from issuance of common stock	200	—
Proceeds from exercise of stock options	74	1,004
Net cash used in financing activities	<u>(7,726)</u>	<u>(2,934)</u>
Net (decrease) increase in cash and cash equivalents	(6,722)	6,043
Cash and cash equivalents, beginning of period	24,993	38,512
Cash and cash equivalents, end of period	<u>\$ 18,271</u>	<u>\$ 44,555</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ —	\$ 445
Cash paid for interest	<u>\$ 88</u>	<u>\$ 558</u>

See accompanying notes to unaudited consolidated condensed financial statements.

AUTOWEB, INC.
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. Organization and Operations

AutoWeb, Inc. (“**AutoWeb**” or the “**Company**”) is a digital marketing company for the automotive industry that assists automotive retail dealers (“**Dealers**”) and automotive manufacturers (“**Manufacturers**”) market and sell new and used vehicles to consumers by utilizing the Company’s digital sales enhancing products and services.

The Company’s consumer-facing automotive websites (“**Company Websites**”) provide consumers with information and tools to aid them with their automotive purchase decisions and gives in-market consumers the ability to connect with Dealers regarding purchasing or leasing vehicles. These consumers are connected to Dealers via the Company’s various programs for online lead referrals (“**Leads**”). The AutoWeb® consumer traffic referral product engages with car buyers from AutoWeb’s network of automotive websites and uses the Company’s proprietary technology to present them with highly relevant offers based on their make and model of interest and their geographic location. The Company then directs these in-market consumers to key areas of a Dealer’s or Manufacturer’s website to maximize conversion for sales or other products or services.

The Company was incorporated in Delaware on May 17, 1996. Its principal corporate offices are located in Irvine, California. The Company’s common stock is listed on the NASDAQ Capital Market under the symbol AUTO.

On October 9, 2017, the Company changed its name from Autobytel Inc. to AutoWeb, Inc., assuming the name of AutoWeb, Inc., which was the name of the company that the Company acquired in October 2015. In connection with this name change, the Company changed its stock ticker symbol from “ABTL” to “AUTO” on the NASDAQ Capital Market.

2. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements are presented on the same basis as the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 (“**2017 Form 10-K**”) filed with the Securities and Exchange Commission (“**SEC**”). AutoWeb has made its disclosures in accordance with U.S. generally accepted accounting principles (“**GAAP**”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation with respect to interim financial statements, have been included. Certain amounts have been reclassified from the prior year presentation to conform to the current year presentation. The consolidated condensed statements of operations and comprehensive income (loss) and cash flows for the periods ended June 30, 2018 and 2017 are not necessarily indicative of the results of operations or cash flows expected for the year or any other period. The unaudited consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the 2017 Form 10-K.

3. Recent Accounting Pronouncements

Issued but not yet adopted by the Company

Accounting Standards Codification 220 “Comprehensive Income.” In February 2018, the Financial Accounting Standards Board (“**FASB**”) Accounting Standards Update (“**ASU**”) 2018-02, “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” was issued. The new guidance allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act (“**TCJA**”) and will improve the usefulness of information reported to financial statement users. The ASU will take effect for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company believes this ASU will not have a material effect on the consolidated financial statements and related disclosures.

Accounting Standards Codification 842 “Leases.” In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (Topic 842) “Leases.” Topic 842 supersedes the lease requirements in Accounting Standards Codification (“**ASC**”) Topic 840, “Leases.” Under Topic 842, lessees are required to recognize operating lease obligations on their balance sheets by recording the rights (“assets”) and obligations (“liabilities”) created by those leases. As currently issued, entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is evaluating the impact of ASC 842, inclusive of ASUs that have been issued subsequent to ASU No. 2016-02, that expand technical guidance, outline optional practical expedients, improve transition method, or provide further guidance on transition to or implementation of the new accounting standard.

Below is a list of related ASUs that the Company includes in its evaluation of ASC 842:

Standard	Description	Date Issued
ASU No. 2018-10	"Leases - Codification Improvements to Topic 842, Leases"	July 2018
ASU No. 2018-01	"Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842"	January 2018

The Company believes that adoption of ASC 842 will have a significant impact on the Company's balance sheet. Under current accounting guidelines, the Company's office-related leases are operating lease arrangements, in which rental payments are treated as operating expenses and there is no recognition of rights-of-use assets or liabilities related to lease obligations. The requirements are effective for financial statements for annual periods and interim periods within those annual periods beginning after December 15, 2018, and early adoption is permitted. The Company will adopt Topic 842 effective January 1, 2019 and expects to elect certain available transitional practical expedients.

Recently adopted by the Company

Accounting Standards Codification 606 "Revenue from Contracts with Customers." In May 2014, ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" was issued. The new standard sets forth a single comprehensive model for recognizing and reporting revenue and requires the use of a five-step methodology to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the ASU requires enhanced disclosure regarding revenue recognition. On January 1, 2018, the Company adopted ASC 606 using the modified retrospective transition method, which had no material impact on operations, and required no cumulative adjustment to be made to beginning retained earnings on January 1, 2018. As such, results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts have not been adjusted. See Note 4 for further discussion.

Accounting Standards Codification 805 "Business Combinations." In January 2017, ASU No. 2017-01, "Clarifying the Definition of a Business" was issued. This ASU provides a more robust framework to use in determining when a set of assets and activities is a business. The Company adopted this ASU on January 1, 2018 and it did not have a material effect on the consolidated financial statements.

Accounting Standards Codification 718 "Compensation – Stock Compensation." In May 2017, ASU No. 2017-09, "Scope of Modification Accounting" was issued. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. An entity should apply this ASU on a prospective basis for an award modified on or after the adoption date for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Additionally, in June 2018, FASB issued ASU No. 2018-07, "Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." The update largely aligns the accounting for share-based payment awards issued to employees and nonemployees, particularly with regard to the measurement date and the impact of performance conditions. Under the new guidance, the existing employee guidance will apply to nonemployee share-based transactions (as long as the transaction is not effectively a form of financing). The cost of nonemployee awards will continue to be recorded as if the grantor had paid cash for the goods or services. In addition, the contractual term will be able to be used in lieu of an expected term in the option-pricing model for nonemployee awards. The Company adopted both ASUs in the current year and, as such, results for reporting periods beginning after January 1, 2018 are presented under ASU No. 2017-09 and ASU No. 2018-07, while prior period amounts have not been adjusted. See Note 6 for further discussion.

4. Revenue Recognition

Revenue is recognized upon transfer of control of promised goods or services to the Company's customers, or when performance obligations under contract have been satisfied, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Further, under ASC 606, contract assets or contract liabilities that arise from a past performance but require a further performance obligation to be satisfied as a condition of settlement must be identified and recorded on the balance sheet until respectively settled.

The Company performs the following steps in order to properly determine revenue recognition and identify relevant contract assets and contract liabilities:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

Accounting Policy - Revenue Recognition

The Company earns revenue by providing leads, advertising, and mobile products and services used by Dealers and Manufacturers in their efforts to market and sell new and used vehicles to consumers. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company records revenue on distinct performance obligations at a single point in time, when control is transferred to the customer, which is consistent with past practice.

The Company has three main revenue sources – Lead fees, advertising, and other revenue. Accordingly, the Company recognizes revenue for each source as described below:

- Lead fees - paid by Dealers and Manufacturers participating in the Company's Lead programs and are comprised of Lead transaction and/or monthly subscription fees. Lead fees are recognized in the period when service is provided.
- Advertising - fees paid by Dealers and Manufacturers for (i) display advertising on the Company's websites and (ii) fees from the Company's click program. Revenue is recognized in the period advertisements are displayed on the Company's websites or the period in which clicks have been delivered, as applicable. The Company recognizes gross revenue from the delivery of action-based ads in the period in which a user takes the action for which the marketer contracted for with the Company. For advertising revenue arrangements where the Company is not the principal, the Company recognizes revenue on a net basis.
- Other revenues - consists primarily of revenues from our mobile products and revenues from the Company's Reseller Agreement with SaleMove, Inc. Revenue is recognized in the period in which products or services are sold.

Variable Consideration

The Company's products, namely Leads, are generally sold with a right-of-return for services that do not meet customer requirements as specified by the contract. Rights-of-return are estimable, and provisions for estimated returns are recorded as a reduction in revenue by the Company in the period revenue is recognized, and thereby accounted for as variable consideration. The Company includes the allowance for customer credits in its net accounts receivable balances on the Company's balance sheet at period end, which is consistent with past practice. Allowance for customer credits totaled \$166,000 and \$213,000 as of June 30, 2018 and December 31, 2017, respectively.

See further discussion below on significant judgments exercised by the Company in regard to variable consideration.

Contract Assets and Contract Liabilities

Unbilled Revenue

Timing of revenue recognition may differ from the timing of invoicing to customers. The Company records a receivable when revenue is recognized prior to invoicing. From time-to-time, the Company may have balances on its balance sheet representing revenue that has been recognized, but not-yet invoiced, for which the Company has satisfied contract performance obligations and has a right to receive payment. These receivable balances are driven by the timing of administrative transaction processing, and not indicative of partially complete performance obligations, or unbilled revenue. Unbilled revenue represents revenue that is partially earned, whereby control of promised services has not yet transferred to the customer, and for which the Company has not earned the complete right to payment. The Company had zero unbilled revenue included in its consolidated balance sheets as of June 30, 2018 and December 31, 2017.

Deferred Revenue

The Company defers the recognition of revenue when cash payments are received or due in advance of satisfying its performance obligations, including amounts which are refundable. Such activity is not a common practice of operation for the Company. The Company had zero deferred revenue included in its consolidated balance sheets as of June 30, 2018 and December 31, 2017.

Payment terms and conditions can vary by contract type. Generally, payments terms within our customer contracts include a requirement of payment within 30 to 60 days from date of invoice. Typically, customers make payments after receipt of invoice for billed services, and less typically, in advance of rendered services.

Practical Expedients and Exemptions

The Company excludes from the transaction price all sales taxes related to revenue producing transactions collected from the customer for a governmental authority.

The Company applies the new revenue standard requirements to a portfolio of contracts (or performance obligations) with similar characteristics for transactions where it is expected that the effects on the financial statements of applying the revenue recognition guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio.

The Company generally expenses incremental costs of obtaining a contract when incurred because the amortization period would be less than one year. These costs primarily relate to sales commissions and are recorded in selling, marketing and distribution expense.

Significant Judgments

The Company provides Dealers and Manufacturers with various opportunities to market their vehicles to potential vehicle buyers, namely via consumer lead and traffic referrals and online advertising products and services. Proper revenue recognition of digital marketing activities, as well as proper recognition of assets and liabilities related to these activities, requires management to exercise significant judgment with the following items:

- *Arrangements with Multiple Performance Obligations -*

The Company enters into contracts with customers that often include multiple products and services to a customer. Determining whether products and/or services are distinct performance obligations that should be accounted for singularly or separately may require significant judgment.

- *Variable Consideration and Customer Credits -*

The Company's products are generally sold with a right-of-return. The Company sometimes may also provide customer credits or sales incentives. These items are accounted for as variable consideration when determining the allocation of the transaction price to performance obligations under a contract. The allowance for customer credits is an estimate of adjustments for services that do not meet customer requirements. Additions to the estimated allowance for customer credits are recorded as a reduction of revenues and are based on the Company's historical experience of: (i) the amount of credits issued; (ii) the length of time after services are rendered that the credits are issued; (iii) other factors known at the time; and (iv) future expectations. Reductions in the estimated allowance for customer credits are recorded as an increase in revenues. As specific customer credits are identified, they are charged against this allowance with no impact on revenues. Returns and credits are measured at contract inception, with respective obligations reviewed each reporting period or as further information becomes available, whichever is earlier, and only to the extent that it is probable that a significant reversal of any incremental revenue will not occur. The allowance for customer credits is included in the net accounts receivable balances of the Company's balance sheets at of June 30, 2018 and December 31, 2017.

The Company has not made any significant changes to judgments in applying ASC 606 during the six months ended June 30, 2018.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers by revenue source and has determined that disaggregating revenue into these categories sufficiently depicts the differences in the nature, amount, timing, and uncertainty of its revenue streams. The Company has three main sources of revenue: lead fees, advertising, and other revenues.

The following table summarizes revenue from contracts with customers, disaggregated by revenue source, for the three and six months ended June 30, 2018 and 2017. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	<i>(in thousands)</i>			
Lead fees	\$ 22,211	\$ 26,347	\$ 46,291	\$ 55,439
Advertising				
Clicks	5,771	6,454	12,462	12,967
Display and other advertising	1,179	1,545	2,575	3,000
Other revenues	131	245	313	526
Total revenue	<u>\$ 29,292</u>	<u>\$ 34,591</u>	<u>\$ 61,641</u>	<u>\$ 71,932</u>

5. Net Earnings (Loss) Per Share and Stockholders' Equity

Basic net earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period, excluding any unvested restricted stock. Diluted net earnings (loss) per share is computed using the weighted average number of common shares, and if dilutive, potential common shares outstanding, as determined under the treasury stock and if-converted methods, during the period. Potential common shares consist of unvested restricted stock and common shares issuable upon the exercise of stock options, the exercise of warrants, and conversion of convertible notes.

The Company used the following share amounts to compute the basic and diluted net earnings (loss) per share for the three and six months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Basic Shares:				
Weighted average common shares outstanding	12,920,591	11,259,472	12,965,520	11,143,313
Weighted average unvested restricted stock	(194,505)	(110,440)	(293,646)	(113,536)
Basic Shares	<u>12,726,086</u>	<u>11,149,032</u>	<u>12,671,874</u>	<u>11,029,777</u>
Diluted Shares:				
Basic shares	12,726,086	11,149,032	12,671,874	11,029,777
Weighted average dilutive securities	—	662,876	—	690,373
Incremental shares from convertible preferred stock	—	1,532,371	—	1,605,813
Diluted Shares	<u>12,726,086</u>	<u>13,344,279</u>	<u>12,671,874</u>	<u>13,325,963</u>

For the three and six months ended June 30, 2018, the Company's basic and diluted net loss per share are the same since the Company generated a net loss for the period and potentially dilutive securities are excluded from diluted net loss per share because they have an anti-dilutive impact. For the three and six months ended June 30, 2017, weighted average dilutive securities included dilutive options, restricted stock awards, and incremental shares issued in connection with the acquisition of Autobytel, Inc. (formerly AutoWeb, Inc.) ("AWI") that converted in the six months ended June 30, 2017.

For the three and six months ended June 30, 2018, 4.2 and 4.3 million of potentially anti-dilutive securities related to common stock have been excluded from the calculation of diluted net earnings per share, respectively. For both the three and six months ended June 30, 2017, 2.8 million of potentially anti-dilutive securities related to common stock have been excluded from the calculation of diluted net earnings per share.

On September 6, 2017, the Company announced that its board of directors authorized the Company to repurchase up to \$3.0 million of the Company's common stock. Under the repurchase program, the Company may repurchase common stock from time to time on the open market or in private transactions. This authorization does not require the Company to purchase a specific number of shares, and the board of directors may suspend, modify or terminate the program at any time. The Company will fund future repurchases, if any, through the use of available cash. No shares were repurchased during the three and six months ended June 30, 2018. As of June 30, 2018, \$2.3 million remains available for the Company to repurchase common stock.

On June 22, 2017, the Company obtained stockholder approval for the issuance of shares of the Company's common stock upon (i) the conversion of the Company's then outstanding Series B Junior Participating Convertible Preferred Stock, par value \$0.001 per share ("**Series B Preferred Stock**"); and (ii) the conversion of shares of Series B Preferred Stock that would be issued upon exercise of the AWI Warrant (described below). Upon obtaining stockholder approval for the conversion, each outstanding share of Series B Preferred Stock was automatically converted into 10 shares of the Company's common stock, which resulted in the outstanding shares of Series B Preferred Stock being converted into 1,680,070 shares of the Company's common stock, and the AWI Warrant converted into warrants to acquire up to 1,482,400 shares of the Company's common stock.

Warrants. The warrant to purchase 69,930 shares of the Company's common stock issued in connection with the acquisition of AutoUSA was valued at \$7.35 per share for a total value of \$0.5 million ("**AutoUSA Warrant**"). The Company used an option pricing model to determine the value of the AutoUSA Warrant. Key assumptions used in valuing the AutoUSA Warrant are as follows: risk-free rate of 1.6%, stock price volatility of 65.0% and a term of 5.0 years. The AutoUSA Warrant was valued based on long-term stock price volatilities of the Company. The exercise price of the AutoUSA Warrant is \$14.30 per share (as may be adjusted for stock splits, stock dividends, combinations, and other similar events). The AutoUSA Warrant became exercisable on January 13, 2017 and expires on January 13, 2019.

The warrant to purchase up to 148,240 shares of Series B Preferred Stock issued in connection with the acquisition of AWI ("**AWI Warrant**") was valued at \$1.72 per share for a total value of \$2.5 million. The Company used an option pricing model to determine the value of the AWI Warrant. Key assumptions used in valuing the AWI Warrant are as follows: risk-free rate of 1.9%, stock price volatility of 74.0% and a term of 7.0 years. The AWI Warrant was valued based on long-term stock price volatilities of the Company's common stock. On June 22, 2017, the Company received stockholder approval which resulted in the automatic conversion of the AWI Warrant into warrants to acquire up to 1,482,400 shares of the Company's common stock at an exercise price of \$18.45 per share of common stock. The AWI Warrant becomes exercisable on October 1, 2018, subject to the following vesting conditions: (i) with respect to the first one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date of the AWI Warrant the weighted average closing price of the Company's common stock for the preceding 30 trading days (adjusted for any stock splits, stock dividends, reverse stock splits or combinations of the Company's common stock occurring after the issuance date) ("**Weighted Average Closing Price**") is at or above \$30.00; (ii) with respect to the second one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date the Weighted Average Closing Price is at or above \$37.50; and (iii) with respect to the last one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date the Weighted Average Closing Price is at or above \$45.00. The AWI Warrant expires on October 1, 2022.

6. Share-Based Compensation

Share-based compensation expense is included in costs and expenses in the accompanying Unaudited Consolidated Condensed Statements of Operations and Comprehensive Income (Loss) as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	<i>(in thousands)</i>			
Share-based compensation expense:				
Cost of revenues	\$ 4	\$ 19	\$ 19	\$ 39
Sales and marketing	159	402	384	814
Technology support	173	134	326	262
General and administrative [1]	607	389	1,841	841
Share-based compensation costs	943	944	2,570	1,956
Amount capitalized to internal use software	—	—	1	1
Total share-based compensation costs	\$ 943	\$ 944	\$ 2,569	\$ 1,955

[1] Certain awards were modified in connection with the termination of employment of two of the Company's former executive officers. In accordance with the terms of applicable award agreements and/or consulting agreements, the vesting of certain awards was accelerated, and the terms of certain awards were modified. As such, in accordance with GAAP, the Company recognized expense related to the acceleration of vested awards of approximately \$0.8 million and expense related to the modification of awards of approximately \$0.1 million during the six months ended June 30, 2018.

Service-Based Options. The Company granted the following service-based options for the three and six months ended June 30, 2018 and 2017, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Number of service-based options granted	1,715,200	54,000	1,716,700	373,250
Weighted average grant date fair value	\$ 1.83	\$ 6.56	\$ 1.84	\$ 6.86
Weighted average exercise price	\$ 3.29	\$ 13.05	\$ 3.30	\$ 13.70

These options are valued using a Black-Scholes option pricing model and generally vest one-third on the first anniversary of the grant date and ratably over twenty-four months thereafter. The vesting of these awards is contingent upon the employee's continued employment with the Company during the vesting period and vesting may be accelerated in the event of a change in control of the Company.

Market Condition Options. On January 21, 2016, the Company granted 100,000 stock options to its former chief executive officer ("**Former CEO**") with an exercise price of \$17.09 and grant date fair value of \$1.47 per option, using a Monte Carlo simulation model ("**Former CEO Market Condition Options**"). The Former CEO Market Condition Options were previously valued at \$2.94 per option but were revalued when the requisite stockholder approval for the Company's Amended and Restated 2014 Equity Incentive Plan was obtained in June 2016. The Former CEO Market Condition Options were subject to both stock price-based and service-based vesting requirements that must be satisfied for the Former CEO Market Condition Options to vest and become exercisable. On April 12, 2018, pursuant to the stock option award agreement, vesting of the Former CEO Market Condition Options was accelerated with the termination of employment of the Former CEO, resulting in the recognition of approximately \$0.8 million of non-recurring share-based compensation expense during the three months ended March 31, 2018. The Former CEO Market Condition Options expire on January 21, 2023.

Additionally, in connection with consulting agreements between the Company and two former officers, the Former CEO and former chief financial officer, modifications were made to certain shared-based awards previously granted to respective officers while they were employees of the Company. In accordance with guidance provided under ASC 718 and related ASU No. 2017-09 and ASU No. 2018-07, the Company recognized approximately \$0.1 million in share-based compensation expense for certain shared-based awards that were modified during the three months ended June 31, 2018. The modification expense was determined by using the Black-Scholes option pricing model to estimate the fair value of the modified awards as of the new measurement date and respective fair value assumptions.

Stock option exercises. The following stock options were exercised during the three and six months ended June 30, 2018 and 2017, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Number of stock options exercised	750	117,115	15,967	176,074
Weighted average exercise price	\$ 2.20	\$ 4.67	\$ 4.68	\$ 5.70

The grant date fair value of stock options granted during these periods was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Dividend yield	—	—	—	—
Volatility	68%	62%	68%	61%
Risk-free interest rate	2.6%	1.7%	2.6%	1.8%
Expected life (years)	4.5	4.4	4.5	4.4

Upon adoption of ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting,” the Company elected to estimate the number of forfeitures.

Restricted Stock Awards. The Company granted an aggregate of 125,000 restricted stock awards (“RSAs”) on April 23, 2015 in connection with the promotion of one of its executive officers. Of these 125,000 RSAs, 25,000 were service-based and the forfeiture restrictions lapse with respect to one-third of the restricted stock on each of the first, second and third anniversaries of the date of the award. Forfeiture restrictions lapsed on 8,333 shares of restricted stock on April 23, 2016. Forfeiture restrictions also lapsed on 8,334 shares of restricted stock on April 23, 2017. During the three months ended March 31, 2018, 8,333 of the foregoing service-based RSAs were forfeited upon the resignation of this executive officer. This executive officer was also awarded 100,000 shares of the Company’s common stock in the form of performance-based RSAs. During the three months ended March 31, 2018, 100,000 of these performance-based RSAs were forfeited upon the resignation of this executive officer.

The Company granted an aggregate of 345,000 RSAs on September 27, 2017 to senior officers of the Company. These RSAs are service-based and the forfeiture restrictions lapse with respect to one-third of the restricted stock on each of the first, second, and third anniversaries of the date of the award. Lapsing of the forfeiture restrictions may be accelerated in the event of a change in control of the Company and will accelerate upon the death or disability of the holder. During the six months ended June 30, 2018, 80,000 shares of these RSAs were forfeited upon the resignation of two executive officers.

7. Investments

The Company's investments at June 30, 2018 and December 31, 2017 consisted primarily of investments in SaleMove and GoMoto, Inc., a Delaware corporation ("GoMoto").

In September 2013, the Company entered into a Convertible Note Purchase Agreement with SaleMove in which AutoWeb invested \$150,000 in SaleMove in the form of an interest bearing, convertible promissory note. In November 2014, the Company invested an additional \$400,000 in SaleMove in the form of an interest bearing, convertible promissory note. Upon closing of a preferred stock financing by SaleMove in July 2015, these two notes were converted in accordance with their terms into an aggregate of 190,997 Series A Preferred Stock, which shares were previously classified as a long-term investment on the consolidated balance sheet. The Company recorded an impairment charge of \$0.6 million in SaleMove in the three months ended December 31, 2017. On, June 5, 2018, the Company sold its shares of Series A Preferred stock back to SaleMove for \$125,000. Amounts received are recorded in Other Income on the Unaudited Consolidated Condensed Statement of Operations and Comprehensive Income (Loss) for the six months ended June 30, 2018.

In October 2013, the Company entered into a Reseller Agreement with SaleMove to become a reseller of SaleMove's technology for enhancing communications with consumers. SaleMove's technology allows Dealers and Manufacturers to enhance the online shopping experience by interacting with consumers in real-time, including live video, audio, and text-based chat or by phone. The Company and SaleMove share equally in revenues from automotive-related sales of the SaleMove products and services. In connection with this reseller arrangement, the Company advanced \$1.0 million to SaleMove to fund SaleMove's 50% share of various product development, marketing and sales costs and expenses. These previously advanced funds are repaid to the Company from SaleMove's share of net revenues and expenses from the Reseller Agreement each reporting period. As of June 30, 2018, the net advances due from SaleMove totaled \$379,000 and are included in the balances of Other assets on the Unaudited Consolidated Condensed Balance Sheets.

In December 2014, the Company entered into a Series Seed Preferred Stock Purchase Agreement with GoMoto in which the Company paid \$100,000 for 317,460 shares of Series Seed Preferred Stock, \$0.001 par value per share. The \$100,000 investment in GoMoto was recorded at cost because the Company does not have significant influence over GoMoto. In October 2015 and May 2016, the Company invested an additional \$375,000 and \$375,000, respectively, in GoMoto in the form of convertible promissory notes ("GoMoto Notes"). The GoMoto Notes accrue interest at an annual rate of 4.0% and are due and payable in full upon demand by the Company or at GoMoto's option ten days' written notice unless converted prior to the repayment of the GoMoto Notes. The GoMoto Notes will be converted into preferred stock of GoMoto in the event of a preferred stock financing by GoMoto of at least \$1.0 million prior to repayment of the GoMoto Notes. At June 30, 2018 and 2017, both GoMoto Notes and related interest receivable are fully reserved on the Unaudited Consolidated Condensed Balance Sheets because the Company believes the amounts may not be recoverable.

8. Selected Balance Sheet Accounts

Property and Equipment. Property and equipment consists of the following:

	June 30, 2018	December 31, 2017
	<i>(in thousands)</i>	
Computer software and hardware	\$ 11,187	\$ 11,065
Capitalized internal use software	5,977	5,774
Furniture and equipment	1,705	1,703
Leasehold improvements	1,605	1,539
	<u>20,474</u>	<u>20,081</u>
Less—Accumulated depreciation and amortization	(16,772)	(15,770)
Property and Equipment, net	<u>\$ 3,702</u>	<u>\$ 4,311</u>

The Company periodically reviews the value of long-lived assets to determine if there are any impairment indicators. The Company assesses the impairment of these assets, or the need to accelerate amortization, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company's judgments regarding the existence of impairment indicators are based on legal factors, market conditions, and operational performance of the Company's long-lived assets. If such indicators exist, the Company evaluates the assets for impairment based on the estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. Should the carrying amount of an asset exceed its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. Fair value is generally determined based on a valuation process that provides an estimate of the fair value of these assets using an undiscounted cash flow model, which includes assumptions and estimates.

Concentration of Credit Risk and Risks Due to Significant Customers. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are primarily maintained with two high credit quality financial institutions in the United States. Deposits held by banks exceed the amount of insurance provided for such deposits. These deposits may be redeemed upon demand.

Accounts receivable are primarily derived from fees billed to Dealers and Manufacturers. The Company generally requires no collateral to support its accounts receivables and maintains an allowance for bad debts for potential credit losses.

The Company has a concentration of credit risk with its automotive industry-related accounts receivable balances, particularly with Urban Science Applications (which represents Acura, Audi, Honda, Nissan, Infiniti, Subaru, Toyota, Volkswagen, and Volvo), Media.net Advertising and General Motors. During the first six months of 2018, approximately 37% of the Company's total revenues was derived from these three customers, and approximately 43%, or \$10.7 million of gross accounts receivables related to these three customers at June 30, 2018. During the first six months of 2017, approximately 30% of the Company's total revenues was derived from Urban Science Applications, Media.net Advertising and General Motors, and approximately 38%, or \$10.0 million of gross accounts receivables, related to these three customers at June 30, 2017.

Intangible Assets. The Company amortizes specifically identified definite-lived intangible assets using the straight-line method over the estimated useful lives of the assets.

On October 5, 2017, the Company and DealerX Partners, LLC, a Florida limited liability company ("**DealerX**"), entered into a Master License and Services Agreement ("**DealerX License Agreement**"). Pursuant to the terms of the DealerX License Agreement, the Company was granted a perpetual license to access and use DealerX's proprietary platform and technology for targeted, online marketing.

The transaction consideration consisted of: (i) \$8.0 million in cash paid to DealerX upon execution of the DealerX License Agreement and (ii) the right to 710,856 shares of the Company's common stock representing approximately five percent of the Company's outstanding common stock as of the date the parties entered into the DealerX License Agreement ("**Market Capitalization Shares**") if on or before October 5, 2022: (i) the Company's market capitalization averages at least \$225.0 million over a consecutive 90-day period or (ii) there is a change in control of the Company that reflects a market capitalization of at least \$225.0 million. If the Market Capitalization Shares are issued to DealerX, DealerX's Platform Support Obligations will continue in perpetuity. Alternatively, upon the occurrence of certain events prior to the issuance of the Market Capitalization Shares, the Company may elect to make an additional lump-sum payment of \$12.5 million ("**Alternative Cash Payment**") in order to extend DealerX's Platform Support Obligations in perpetuity. If the Alternative Cash payment is made, DealerX's contingent right to receive the Market Capitalization Shares will be terminated. The fair value of the Market Capitalization Shares was calculated at \$2.5 million. The DealerX perpetual license and related Market Capitalization Shares are being amortized over seven years.

[Table of Contents](#)

The Company's intangible assets are amortized over the following estimated useful lives:

Definite-lived Intangible Asset	Estimated Useful Life	June 30, 2018			December 31, 2017		
		Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
<i>(in thousands)</i>							
Trademarks/trade names/licenses/domains	3 -7 years	\$ 16,589	\$ (5,164)	\$ 11,425	\$ 16,589	\$ (4,037)	\$ 12,552
Software and publications	3 years	1,300	(1,300)	—	1,300	(1,300)	—
Customer relationships	2 - 10 years	19,563	(12,106)	7,457	19,563	(10,555)	9,008
Employment/non-compete agreements	1 - 5 years	1,510	(1,504)	6	1,510	(1,493)	17
Developed technology	5 - 7 years	8,955	(4,288)	4,667	8,955	(3,619)	5,336
		<u>\$ 47,917</u>	<u>\$ (24,362)</u>	<u>\$ 23,555</u>	<u>\$ 47,917</u>	<u>\$ (21,004)</u>	<u>\$ 26,913</u>
Indefinite-lived							
Intangible Asset	Estimated Useful Life	June 30, 2018			December 31, 2017		
		Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Domain	Indefinite	<u>\$ 2,200</u>	<u>\$ —</u>	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ —</u>	<u>\$ 2,200</u>

Amortization expense is included in cost of revenues and depreciation and amortization in the Unaudited Consolidated Condensed Statements of Operations. Total amortization expense was \$1.7 million and \$3.4 million for the three and six months ended June 30, 2018, respectively. Amortization expense was \$1.4 million and \$2.7 million for the three and six months ended June 30, 2017, respectively.

Amortization expense for the remainder of the year and for future years is as follows:

Year	Amortization Expense
	<i>(in thousands)</i>
2018	\$ 3,252
2019	5,236
2020	3,805
2021	3,697
2022	3,100
Thereafter	4,465
	<u>\$ 23,555</u>

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is not amortized and is assessed annually for impairment or earlier, when events or circumstances indicate that the carrying value of such assets may not be recoverable. The Company impaired goodwill by \$5.1 million during the six months ended June 30, 2018.

	<i>(in thousands)</i>
Goodwill as of December 31, 2017	\$ 5,133
Impairment charge	(5,133)
Goodwill as of June 30, 2018	<u>\$ —</u>

Accrued Expenses and Other Current Liabilities. Accrued expenses and other current liabilities consisted of the following:

	June 30, 2018	December 31, 2017
	<i>(in thousands)</i>	
Accrued employee-related benefits	\$ 2,697	\$ 2,411
Other accrued expenses and other current liabilities:		
Other accrued expenses	6,752	6,307
Amounts due to customers	467	438
Other current liabilities	430	507
Total other accrued expenses and other current liabilities	<u>7,649</u>	<u>7,252</u>
Total accrued expenses and other current liabilities	<u>\$ 10,346</u>	<u>\$ 9,663</u>

Convertible Notes Payable. In connection with the acquisition of AutoUSA, the Company issued a convertible subordinated promissory note for \$1.0 million (“**AutoUSA Note**”) to AutoNationDirect.com, Inc. The fair value of the AutoUSA Note as of the AutoUSA Acquisition Date was \$1.3 million. This valuation was estimated using a binomial option pricing method. Key assumptions used by the Company’s outside valuation consultants in valuing the AutoUSA Note included a market yield of 1.6% and stock price volatility of 65.0%. As the AutoUSA Note was issued with a substantial premium, the Company recorded the premium as additional paid-in capital. Interest is payable at an annual interest rate of 6% in quarterly installments. The entire outstanding balance of the AutoUSA Note is to be paid in full on January 31, 2019. The holder of the AutoUSA Note may at any time convert all or any part, but at least 30,600 shares, of the then outstanding and unpaid principal of the AutoUSA Note into fully paid shares of the Company’s common stock at a conversion price of \$16.34 per share (as adjusted for stock splits, stock dividends, combinations, and other similar events). In the event of default, the entire unpaid balance of the AutoUSA Note will become immediately due and payable and will bear interest at the lower of 8% per year and the highest legal rate permissible under applicable law.

9. Credit Facility

The Company and MUFG Union Bank, N.A. entered into a Loan Agreement dated February 26, 2013, as amended on September 10, 2013, January 13, 2014, May 20, 2015, June 1, 2016, June 28, 2017 and December 27, 2017 (the original Loan Agreement, as amended, is referred to collectively as the “**Credit Facility Agreement**”). The Credit Facility Agreement provided for (i) a \$9.0 million term loan; (ii) a \$15.0 million term loan; and (iii) an \$8.0 million working capital revolving line of credit (“**Revolving Loan**”). The term loans were fully paid as of December 31, 2017. The Revolving Loan was fully paid as of March 31, 2018.

10. Commitments and Contingencies

Employment Agreements

The Company has employment agreements and severance benefits/retention agreements with certain key employees. A number of these agreements require severance payments and continuation of certain insurance benefits in the event of a termination of the employee’s employment by the Company without cause or by the employee for good reason (as defined in these agreements). Stock option agreements and restricted stock award agreements with some key employees provide for acceleration of vesting of stock options and lapsing of forfeiture restrictions on restricted stock in the event of a change in control of the Company, upon termination of employment by the Company without cause or by the employee for good reason, or upon the employee’s death or disability.

Litigation

From time to time, the Company may be involved in litigation matters arising from the normal course of its business activities. Such litigation, even if not meritorious, could result in substantial costs and diversion of resources and management attention, and an adverse outcome in litigation could materially adversely affect its business, results of operations, financial condition and cash flows.

11. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation known as the TCJA. The TCJA made a number of changes to the federal income tax law that took effect in 2018, including, but not limited to (1) reduction of the U.S. federal corporate tax rate from a maximum of 35% to 21%; (2) elimination of the corporate alternative minimum tax; (3) a new limitation on deductible interest expense; (4) the Transition Tax; (5) limitations on the deductibility of certain executive compensation; (6) changes to the bonus depreciation rules for fixed asset additions; and (7) limitations on net operating loss carryovers generated after December 31, 2017 to 80% of taxable income.

Accounting Standards Codification 740 "Income Taxes" (ASC 740), requires the effects of changes in tax laws to be recognized in the period in which the legislation is enacted. However, due to the complexity and significance of the TCJA's provisions, the SEC staff issued Staff Accounting Bulletin 118 ("**SAB 118**"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA.

At June 30, 2018 and December 31, 2017, the Company had not completed its accounting for the tax effects of enactment of the TCJA; however, the Company has made a reasonable estimate of the effects of the TCJA's change in the federal rate and revalued its deferred tax assets based on the rates at which they are expected to reverse in the future, which is generally the new 21% federal corporate tax rate plus applicable state tax rate. The Company recorded a decrease in deferred tax assets and deferred tax liabilities of \$11.7 million and \$0.0 million, respectively, with a corresponding net adjustment to deferred income tax expense of \$11.7 million for the year ended December 31, 2017. In addition, the Company recognized a deemed repatriation of \$0.6 million of deferred foreign income from its Guatemala subsidiary, which did not result in any incremental tax cost after application of foreign tax credits. The Company's provisional estimates will be adjusted during the measurement period defined under SAB 118, based upon ongoing analysis of data and tax positions along with the new guidance from regulators and interpretations of the law.

On an interim basis, the Company estimates what its anticipated annual effective tax rate will be and records a quarterly income tax provision in accordance with the estimated annual rate, plus the tax effect of certain discrete items that arise during the quarter. As the fiscal year progresses, the Company refines its estimates based on actual events and financial results during the year. This process can result in significant changes to the Company's estimated effective tax rate. When this occurs, the income tax provision is adjusted during the quarter in which the estimates are refined so that the year-to-date provision reflects the estimated annual effective tax rate. These changes, along with adjustments to the Company's deferred taxes and related valuation allowance, may create fluctuations in the overall effective tax rate from quarter to quarter.

During 2017, management assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative losses incurred over the three-year period ended December 31, 2017. The Company was projecting pre-tax income for 2017 until the three months ended December 31, 2017, in which the Company incurred a significant pre-tax loss due to goodwill impairment. The Company experienced increased costs of providing services to its customers, as well as decrease in market share resulting from increased competition. Additionally, the Company also projects that 2018 pre-tax profits may not offset the cumulative three-year pre-tax loss as of December 31, 2017. Based on this evaluation, the Company recorded an additional valuation allowance of \$16.7 million against its deferred tax assets during the year ended December 31, 2017. At June 30, 2018 and December 31, 2017, the Company has recorded a valuation allowance of \$21.3 million against its deferred tax assets.

[Table of Contents](#)

The Company's effective tax rate for the six months ended June 30, 2018 differed from the U.S. federal statutory rate primarily due to operating losses that receive no tax benefit as a result of valuation allowance recorded for such losses.

The total amount of unrecognized tax benefits, excluding associated interest and penalties, was \$0.5 million as of June 30, 2018, all of which, if subsequently recognized, would have affected the Company's tax rate.

As of June 30, 2018 and December 31, 2017, the total balance of accrued interest and penalties related to uncertain tax positions was zero. The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense, and the accrued interest and penalties are included in deferred and other long-term liabilities in the Company's condensed consolidated balance sheets. There were no material interest or penalties included in income tax expense for the three and six months ended June 30, 2018 and 2017.

The Company is subject to taxation in the U.S. and in various foreign and state jurisdictions. Due to expired statutes of limitation, the Company's federal income tax returns for years prior to calendar year 2014 are not subject to examination by the U.S. Internal Revenue Service. Generally, for the majority of state jurisdictions where the Company does business, periods prior to calendar year 2013 are no longer subject to examination. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next twelve months. Audit outcomes and the timing of settlements are subject to significant uncertainty.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Concerning Forward-Looking Statements

The Securities and Exchange Commission ("SEC") encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "anticipates," "could," "may," "estimates," "expects," "projects," "intends," "plans," "believes," "will" and words of similar substance used in connection with any discussion of future operations or financial performance identify forward-looking statements. In particular, statements regarding expectations and opportunities, industry trends, new product expectations and capabilities, and our outlook regarding our performance and growth are forward-looking statements. This Quarterly Report on Form 10-Q also contains statements regarding plans, goals and objectives. There is no assurance that we will be able to carry out our plans or achieve our goals and objectives or that we will be able to do so successfully on a profitable basis. These forward-looking statements are just predictions and involve significant risks and uncertainties, many of which are beyond our control, and actual results may differ materially from these statements. Factors that could cause actual outcomes or results to differ materially from those reflected in forward-looking statements include, but are not limited to, those discussed in this Item 2 and under the heading "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2017 ("**2017 Form 10-K**"). Investors are urged not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date on which they were made. Except as may be required by law, we do not undertake any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are qualified in their entirety by the foregoing cautionary statements.

You should read the following discussion of our results of operations and financial condition in conjunction with our unaudited consolidated condensed financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the notes thereto in the 2017 Form 10-K.

Our corporate website is located at www.autoweb.com. Information on our website is not incorporated by reference in this Quarterly Report on Form 10-Q. At or through the Investor Relations section of our website we make available free of charge our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to these reports as soon as practicable after the reports are electronically filed with or furnished to the SEC.

Unless the context otherwise requires, the terms "we," "us," "our," "AutoWeb," and "Company" refer to AutoWeb, Inc. and its consolidated subsidiaries.

Basis of Presentation and Critical Accounting Policies

See Note 2, *Basis of Presentation*, to the accompanying unaudited consolidated condensed financial statements.

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ materially from our estimates. To the extent that there are material differences between these estimates and our actual results, our financial condition or results of operations may be affected. For a detailed discussion of the application of our critical accounting policies, see Note 2 of the "Notes to Consolidated Financial Statements" in Part II, Item 8 "Financial Statements and Supplementary Data" in the 2017 Form 10-K. There have been no changes to our critical accounting policies since we filed our 2017 Form 10-K.

Overview

We are a digital marketing services company that assists automotive retail dealers (“**Dealers**”) and automotive manufacturers (“**Manufacturers**”) market and sell new and used vehicles to consumers through our programs for online lead referrals, Dealer marketing products and services, online advertising and consumer traffic referral programs, and mobile products.

Our consumer-facing automotive websites (“**Company Websites**”) provide consumers with information and tools to aid them with their automotive purchase decisions and the ability to submit inquiries requesting Dealers to contact the consumers regarding purchasing or leasing vehicles (“**Leads**”). Leads are internally-generated from our Company Websites (“**Internally-Generated Leads**”) or acquired from third parties (“**Non-Internally-Generated Leads**”) that generate Leads from their websites. Our AutoWeb[®] consumer traffic referral product provides consumers who are shopping for vehicles online with targeted offers based on make, model and geographic location. As these consumers conduct online research on a Company Website or on the site of one of our network of automotive publishers, they are presented with relevant offers on a timely basis and, upon the consumer clicking on the displayed advertisement, are sent to the appropriate website location of one of our Dealer, Manufacturer or advertising customers.

Our business, results of operations and financial condition are impacted by the volume and quality of our Leads. We measure Lead quality by the conversion of Leads to actual vehicle sales, which we refer to as the “buy rate.” Buy rate is the percentage of the consumers submitting Leads that we delivered to our customers represented by the number of these consumers who purchased vehicles within ninety days of the date of the Lead submission. We rely on detailed feedback from Manufacturers and wholesale customers to confirm the performance of our Leads. Our Manufacturer and other wholesale customers each match the Leads we deliver to our customers against vehicle sales to provide us with information about vehicle purchases by the consumers who submitted Leads that we delivered to these customers. AutoWeb also obtains vehicle registration data from a third-party provider. This information, together with our internal analysis allows us to estimate the buy rates for the consumers who submitted the Internally Generated Leads and Non-Internally Generated Leads that we delivered to our customers, and based on these estimates, to estimate an industry average buy rate. Based on the most current information and our internal analysis, we have estimated that, on average, consumers who submit Internally-Generated Leads that we deliver to our customers have an estimated buy rate of approximately 17%. Buy rates that individual Dealers may achieve can be impacted by factors such as the strength of processes and procedures within the dealership to manage communications and follow up with consumers.

Total revenues in the first six months of 2018 were \$61.6 million compared to \$71.9 million in the first six months of 2017. The decline in revenue was primarily due to less efficient traffic acquisition and lower retail dealer count and lead volumes. We believe that a large part of the inefficiency in traffic acquisition was the result of increased traffic acquisition costs as we invest in new traffic acquisition strategies, as well as the consumers shift to mobile and our ability to efficiently convert traffic to leads. We will continue to work with our traffic partners to optimize our search engine marketing (“**SEM**”) methodologies and rebuild our high-quality traffic streams. We also expect to invest in new product development and restructure our organization to better align with our revised strategy, which could result in significant costs. In addition, in order to mitigate the impact to profitability, we realigned our headcount in February 2018 and expect it to reduce operating expenses. We cannot provide an exact timeframe for resolution of these issues, as these trends remained present in 2018 and may continue throughout the year and beyond.

For the three and six months ended June 30, 2018 our business, results of operations and financial condition were affected, and may continue to be affected in the future, by general economic, employment and market factors, conditions in the automotive industry, the markets for Leads, and online advertising services, including, but not limited to, the following:

- Pricing, interest rates and purchase incentives for vehicles;
- The expectation that consumers will be purchasing fewer vehicles overall during their lifetime as a result of better quality vehicles and longer warranties;
- The impact of fuel prices on demand for the number and types of vehicles;
- Increases or decreases in the number of retail Dealers or in the number of Manufacturers and other wholesale customers in our customer base;
- The effect of changes in search engine algorithms and methodologies on our Lead generation and website advertising activities and margins;
- Volatility in spending by Manufacturers and others in their marketing budgets and allocations;
- The competitive impact of consolidation in the online automotive referral industry;
- The effect of changes in transportation policy, including the potential increase of public transportation options; and
- The effect of fewer vehicles being purchased as a result of new business models and changes in consumer attitudes regarding the need for vehicle ownership.

Results of Operations

Three Months Ended June 30, 2018 Compared to the Three Months Ended June 30, 2017

The following table sets forth certain statement of operations data for the three-month periods ended June 30, 2018 and 2017 (certain balances and calculations have been rounded for presentation):

	<u>2018</u>	<u>% of total revenues</u>	<u>2017</u>	<u>% of total revenues</u>	<u>\$ Change</u>	<u>% Change</u>
	<i>(Dollar amounts in thousands)</i>					
Revenues:						
Lead fees	\$ 22,211	76%	\$ 26,347	76%	\$ (4,136)	(16%)
Advertising	6,950	24	7,999	23	(1,049)	(13)
Other revenues	131	—	245	1	(114)	(47)
Total revenues	<u>29,292</u>	<u>100</u>	<u>34,591</u>	<u>100</u>	<u>(5,299)</u>	<u>(15)</u>
Cost of revenues	<u>23,765</u>	<u>81</u>	<u>23,955</u>	<u>69</u>	<u>(190)</u>	<u>(1)</u>
Gross profit	5,527	19	10,636	31	(5,109)	(48)
Operating expenses:						
Sales and marketing	3,052	10	3,229	9	(177)	(5)
Technology support	2,965	10	3,188	9	(223)	(7)
General and administrative	3,765	13	2,766	8	999	36
Depreciation and amortization	1,163	4	1,201	4	(38)	(3)
Total operating expenses	<u>10,945</u>	<u>37</u>	<u>10,384</u>	<u>30</u>	<u>561</u>	<u>5</u>
Operating income (loss)	<u>(5,418)</u>	<u>(19)</u>	<u>252</u>	<u>1</u>	<u>(5,670)</u>	<u>N/A</u>
Interest and other income (expense), net	201	1	(96)	—	297	N/A
Income (loss) before income tax provision (benefit)	<u>(5,217)</u>	<u>(18)</u>	<u>156</u>	<u>1</u>	<u>(5,373)</u>	<u>N/A</u>
Income tax provision (benefit)	—	—	(166)	—	166	N/A
Net income (loss)	<u>\$ (5,217)</u>	<u>(18%)</u>	<u>\$ 322</u>	<u>1%</u>	<u>\$ (5,539)</u>	<u>N/A</u>

Leads. Lead fees revenues decreased \$4.1 million, or 16%, in the second quarter of 2018 compared to the second quarter of 2017 primarily as a result of a decrease in retail lead fees revenues coupled with decreased revenue from Manufacturers.

Advertising. Advertising revenues decreased \$1.0 million, or 13%, in the second quarter of 2018 compared to the second quarter of 2017 as a result of a decrease in click revenue associated with decreased pricing per click coupled with decreased display advertising traffic on our website.

Other Revenues. Other revenues consist primarily of revenues from our mobile products and revenues from our Reseller Agreement with SaleMove. Other revenues decreased to \$0.1 million in the second quarter of 2018 from \$0.2 million in the second quarter of 2017 primarily due to lower customer utilization of the mobile product and SaleMove product.

Cost of Revenues. Cost of revenues consists of purchase request and traffic acquisition costs and other cost of revenues. Purchase request and traffic acquisition costs consist of payments made to our purchase request providers, including internet portals and online automotive information providers. Other cost of revenues consists of SEM and fees paid to third parties for data and content, including search engine optimization activity, included on our websites, connectivity costs, development costs related to our websites, compensation related expense and technology license fees, server equipment depreciation, and technology amortization directly related to the Company Websites. SEM, sometimes referred to as paid search marketing, is the practice of bidding on keywords on search engines to drive traffic to a website.

Cost of revenues decreased \$0.2 million, or 1%, in the second quarter of 2018 compared to the second quarter of 2017 primarily due to decreased revenues offset by increased traffic acquisition costs.

[Table of Contents](#)

Sales and Marketing. Sales and marketing expense includes costs for developing our brand equity, personnel costs, and other costs associated with Dealer sales, website advertising, Dealer support, and bad debt expense. Sales and marketing expense in the second quarter of 2018 decreased \$0.2 million, or 5%, compared to the second quarter of 2017 due primarily to lower headcount-related costs and professional fees.

Technology Support. Technology support expense includes compensation, benefits, software licenses and other direct costs incurred by the Company to enhance, manage, maintain, support, monitor and operate the Company's websites and related technologies, and to operate the Company's internal technology infrastructure. Technology support expense in the second quarter of 2018 decreased by \$0.2 million, or 7%, compared to the second quarter of 2017 due primarily to lower facilities costs and headcount-related costs.

General and Administrative. General and administrative expense consists of executive, financial and legal personnel expenses and costs related to being a public company. General and administrative expense in the second quarter of 2018 increased by \$1.0 million, or 36%, from the second quarter of 2017 due primarily to increased headcount-related costs and increased professional fees.

Depreciation and Amortization. Depreciation and amortization expense in the second quarter of 2018 decreased \$38,000 to \$1.2 million compared to \$1.2 million in the second quarter of 2017 primarily due to normal depreciation and amortization.

Interest and Other Income (Expense), Net. Interest and other income was \$0.2 million for the second quarter of 2018 compared to interest and other expense of \$0.1 million in the second quarter of 2017. Interest expense decreased to \$15,000 in the second quarter of 2018 from \$0.2 million in the second quarter of 2017 primarily due to paying off our term loans as of December 31, 2017 and the revolving loan during the first three months of 2018. We also recorded \$0.1 million in other income during the second quarter of 2018 related to a Transitional License and Linking Agreement with Internet Brands, Inc. and \$0.1 million in proceeds from the sale of our SaleMove investment.

Income Taxes. Income tax expense was zero in the second quarter of 2018 compared to income tax benefit of \$0.2 million in the second quarter of 2017. Income tax expense for the second quarter of 2018 differed from the federal statutory rate primarily due to operating losses that receive no tax benefit as a result of valuation allowance recorded for such losses.

Six Months Ended June 30, 2018 Compared to the Six Months Ended June 30, 2017

The following table sets forth certain statement of operations data for the six-month periods ended June 30, 2018 and 2017 (certain balances and calculations have been rounded for presentation):

	<u>2018</u>	<u>% of total revenues</u>	<u>2017</u>	<u>% of total revenues</u>	<u>\$ Change</u>	<u>% Change</u>
	<i>(Dollar amounts in thousands)</i>					
Revenues:						
Lead fees	\$ 46,291	75%	\$ 55,439	77%	\$ (9,148)	(17%)
Advertising	15,037	24	15,967	22	(930)	(6)
Other revenues	313	1	526	1	(213)	(40)
Total revenues	61,641	100	71,932	100	(10,291)	(14)
Cost of revenues	48,423	79	48,385	67	38	—
Gross profit	13,218	21	23,547	33	(10,329)	(44)
Operating expenses:						
Sales and marketing	6,764	11	6,992	10	(228)	(3)
Technology support	6,351	10	6,441	9	(90)	(1)
General and administrative	8,340	14	6,223	9	2,117	34
Depreciation and amortization	2,323	4	2,430	3	(107)	(4)
Goodwill Impairment	5,133	8	—	—	5,133	N/A
Total operating expenses	28,911	47	22,086	31	6,825	31
Operating income (loss)	(15,693)	(26)	1,461	2	(17,154)	N/A
Interest and other income (expense), net	201	1	(196)	—	397	N/A
Income (loss) before income tax provision (benefit)	(15,492)	(25)	1,265	2	(16,757)	N/A
Income tax provision (benefit)	4	—	459	1	(455)	(99)
Net income (loss)	\$ (15,496)	(25%)	\$ 806	1%	\$ (16,302)	N/A

[Table of Contents](#)

Leads. Lead fees revenues decreased \$9.1 million, or 17%, in the first six months of 2018 compared to the first six months of 2017 primarily as a result of a decrease in retail lead fees revenues coupled with decreased revenue from Manufacturers.

Advertising. Advertising revenues decreased \$0.9 million, or 6%, in the first six months of 2018 compared to the first six months of 2017 due to a decrease in click revenue associated with decreased pricing per click coupled with decreased display advertising traffic on our website.

Other Revenues. Other revenues decreased to \$0.3 million in the first six months of 2018 from \$0.5 million in the first six months of 2017 primarily due to lower customer utilization of the mobile product and SaleMove product.

Cost of Revenues. Cost of revenues increased \$38,000 in the first six months of 2018 compared to the first six months of 2017 primarily due to increased traffic acquisition costs associated with both lead and click volume offset by a decrease in revenue.

Sales and Marketing. Sales and marketing expense in the first six months of 2018 decreased \$0.2 million, or 3%, compared to the first six months of 2017 due primarily to lower headcount-related costs and professional fees.

Technology Support. Technology support expense in the first six months of 2018 decreased by \$90,000, or 1%, compared to the first six months of 2017 due primarily to lower facilities costs and headcount-related costs.

General and Administrative. General and administrative expense in the first six months of 2018 increased \$2.1 million, or 34%, from the first six months of 2017 due primarily to \$1.4 million in severance-related costs associated with the termination of the Company's former CEO in April 2018, increased headcount-related costs from 2017 to 2018 and increased professional fees.

Depreciation and Amortization. Depreciation and amortization expense in the first six months of 2018 decreased \$0.1 million to \$2.3 million compared to \$2.4 million in the first six months of 2017 primarily due to normal depreciation and amortization.

Goodwill impairment. The Company evaluated enterprise goodwill for impairment in the first six months of 2018 due to the Company's decreased stock price since its annual goodwill impairment analysis on October 1, 2017. As of March 31, 2018, the carrying value of AutoWeb was higher than its fair value based on market capitalization at that date. As a result, a non-cash impairment charge of \$5.1 million was recorded during the six months ended June 30, 2018.

Interest and Other Income (Expense), Net. Interest and other income was \$0.2 million for the first six months of 2018 compared to interest and other expense of \$0.2 million in the first six months of 2017. Interest expense decreased to \$0.1 million in the first six months of 2018 from \$0.4 million in the first six months of 2017 primarily due to paying off our term loans as of December 31, 2017 and the revolving loan during the first six months of 2018. We also recorded \$0.2 million in other income during the first six months of 2018 related to a Transitional License and Linking Agreement with Internet Brands, Inc and \$0.1 million in proceeds from the sale of our SaleMove investment.

Income Taxes. Income tax expense was \$4,000 in the first six months of 2018 compared to income tax expense of \$0.5 million in the first six months of 2017. Income tax expense for the first six months of 2018 differed from the federal statutory rate primarily due to operating losses that receive no tax benefit as a result of valuation allowance recorded for such losses.

Liquidity and Capital Resources

The table below sets forth a summary of our cash flows for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,	
	2018	2017
	<i>(in thousands)</i>	
Net cash provided by operating activities	\$ 1,271	\$ 9,973
Net cash used in investing activities	(267)	(996)
Net cash used in financing activities	(7,726)	(2,934)

Our principal sources of liquidity are our cash and cash equivalents balances. Our cash and cash equivalents totaled \$18.3 million as of June 30, 2018 compared to \$25.0 million as of December 31, 2017.

For information concerning the Company's previously announced share repurchase authorization, see Note 5, Notes to Unaudited Consolidated Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. We did not repurchase any shares during the six months ended June 30, 2018 and 2017.

Credit Facility and Term Loan. For information concerning our term and revolving bank loans, see Note 9, Notes to Unaudited Consolidated Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Net Cash Provided by Operating Activities. Net cash used in operating activities in the six months ended June 30, 2018 of \$1.3 million resulted primarily from net loss of \$15.5 million, as adjusted for non-cash charges. We also had net increases in working capital, driven by a decrease in our accounts receivable balance related to the timing of payments received accompanied by an increase in accounts payable of \$1.8 million and an increase in accrued liabilities of \$0.7 million primarily related to accruals of annual incentive compensation accrued during the first six months of 2018, but not paid until 2019.

Net cash provided by operating activities in the six months ended June 30, 2017 of \$10.0 million resulted primarily from net income of \$0.8 million, as adjusted for non-cash charges. We also had net increases in working capital, driven by a decrease in our accounts receivable balance related to the timing of payments received offset by decreases in accounts payable of \$1.3 million and cash used to reduce accrued liabilities of \$3.3 million primarily related to the payment of annual incentive compensation amounts accrued in 2016 and paid in the first six months of 2017.

Net Cash Used in Investing Activities. Net cash used in investing activities was \$0.3 million in the six months ended June 30, 2018 which primarily related to purchases of property and equipment and expenditures related to capitalized internal use software offset by \$0.1 million in proceeds from the sale of the SaleMove investment.

Net cash used in investing activities was \$1.0 million in the six months ended June 30, 2017 which primarily related to purchases of property and equipment and expenditures related to capitalized internal use software.

Net Cash Used In Financing Activities. Net cash used in financing activities of \$7.7 million in the six months ended June 30, 2018 primarily related to payments of \$8.0 million to pay down the revolving credit facility. In addition, stock options for 15,967 shares of the Company's common stock were exercised in the first six months of 2018 resulting in \$0.1 million cash inflow and \$0.2 million related to cash received from the issuance of common stock.

Net cash used in financing activities of \$2.9 million primarily related to payments of \$3.9 million made against the term loan borrowings in the first six months of 2017. In addition, stock options for 176,074 shares of the Company's common stock were exercised in the first six months of 2017 resulting in \$1.0 million cash inflow.

Off-Balance Sheet Arrangements

At June 30, 2018, we had no off-balance sheet arrangements as defined in Regulation S-K, Item 303(a)(4)(D)(ii).

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to various market risk factors, including fluctuations in interest rates and changes in general economic conditions. For the three months ended June 30, 2018 there were no material changes in the information required to be provided under Item 305 of Regulation S-K from the information disclosed in Item 7A of the 2017 Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and our Interim Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (“**Exchange Act**”). Disclosure controls and procedures ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act are (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure. Based on this evaluation, our Chief Executive Officer and our Interim Chief Financial Officer believe that, due to the material weakness in internal control over financial reporting previously reported in our 2017 Form 10-K, our disclosure controls and procedures were not effective as of June 30, 2018.

As previously reported in our 2017 Form 10-K, in connection with their attestation report on our internal control over financial reporting as of December 31, 2017, Moss Adams LLP identified what they believed was a material weakness in our evaluation and measurement of goodwill for impairment and valuation of deferred tax assets.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

With respect to the material weakness identified by Moss Adams LLP, we are continuing to take steps to remediate this material weakness in our internal control over financial reporting, including identifying and documenting controls for increased management review of goodwill and valuation of deferred tax assets. We have also dedicated additional external resources to assist in improving internal controls so that they are designed to operate at a sufficient level of precision.

Effective January 1, 2018, we adopted the new revenue guidance under *Accounting Standards Codification 606 “Revenue from Contracts with Customers.”* The adoption of this guidance requires the implementation of new accounting policies and processes, which changed the Company’s internal controls over financial reporting for revenue recognition and related disclosures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, other than the items mentioned in the above paragraph, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Our management, including our Chief Executive Officer and our Interim Chief Financial Officer, does not expect that our disclosure controls and internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls may be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

The following factors, which supplement or update the risk factors set forth in Part I, Item 1A, “Risk Factors” of our 2017 Form 10-K, may affect our future financial condition and results of operations. The risks described below are not the only risks we face. In addition to the risks set forth in the 2017 Form 10-K, as supplemented or superseded by the risk factors set forth below, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business.

Interruptions or failures in our information technology platforms, communication systems or security systems could materially and adversely affect our financial performance.

Our information technology and communications systems are susceptible to outages and interruptions due to fire, flood, earthquake, power loss, telecommunications failures, cyber-attacks, terrorist attacks, technology operations and development failures, failure of redundant systems and disaster recovery plans and similar events. Such outages and interruptions could damage our reputation and harm our operating results. Despite our network security measures, our information technology platforms are vulnerable to computer viruses, worms, physical and electronic break-ins, sabotage and similar disruptions from unauthorized tampering, as well as coordinated denial-of-service attacks. We do not have multiple site capacity for all of our services. In the event of delays or disruptions to services we rely on third party providers to perform disaster recovery planning and services on our behalf. We are vulnerable to extended failures to the extent that planning and services are not adequate to meet our continued technology platform, communication or security systems’ needs. We rely on third party providers for our primary and secondary internet connections. Our co-location service and public cloud services that provide infrastructure and platform services, environmental and power support for our technology platforms, communication systems and security systems are received from third party providers. We have little or no control over these third-party providers. Any disruption of the services they provide us or any failure of these third-party providers to effectively design and implement sufficient security systems or plan for increases in capacity could, in turn, cause delays or disruptions in our services. We are insured for some, but not all, of these events. Even for those events for which we are insured and have coverage under the terms and conditions of the applicable policies, there are no assurances given that the coverage limits would be sufficient to cover all losses we might incur or experience.

If we lose our key personnel or are unable to attract, train and retain additional highly qualified sales, marketing, managerial and technical personnel, our business may suffer.

Our future success depends on our ability to identify, hire, train and retain highly qualified sales, marketing, managerial and technical personnel. In addition, as we introduce new services we may need to hire additional personnel. We may not be able to attract, assimilate or retain such personnel in the future. The inability to attract and retain the necessary executive, managerial, technical, sales and marketing personnel could have a material adverse effect on our financial performance.

Our business and operations are substantially dependent on the performance of our executive officers and key employees. Each of these executive officers could be difficult to replace. There is no guarantee that these or any of our other executive officers and key employees will remain employed with us. The loss of the services of one or more of our executive officers or key employees could have a material adverse effect on our financial performance.

Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide competitive compensation packages, including cash and stock-based compensation. Our primary forms of stock-based incentive awards are stock options and restricted stock units. If the anticipated value of such stock-based incentive awards does not materialize, if our stock-based compensation otherwise ceases to be viewed as a valuable benefit, or if our total compensation package is not viewed as being competitive, our ability to attract, retain and motivate executives and key employees could be weakened.

Our current executives may view the business differently than prior members of management, and over time may make changes to our strategic focus, operations or business plans with corresponding changes in how we report our results of operations. We can make no assurances that our current executives will be able to properly manage any such shift in focus or that any changes to our business would ultimately prove successful. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees, retaining and motivating existing employees or integrating new executives and employees, our business could be materially and adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the period covered by this Quarterly Report, the Company issued a total of 60,975 shares of common stock to the Company's Chief Executive Officer ("CEO") pursuant to his employment agreement dated April 12, 2018. Under the employment agreement, the CEO acquired the right to purchase from the Company up to \$1,000,000 in shares of the Company's common stock, \$0.001 par value per share ("Common Stock"), within 60 days of April 12, 2018. On May 15, 2018, the CEO exercised the right to purchase 60,975 shares of Common Stock directly from the Company. The Company received proceeds of \$200,000 for the purchase of these shares at \$3.28 per share, which was the closing price of the Common Stock on the NASDAQ Capital Market on the date of purchase. The Company relied upon the exemption from registration set forth in Section 4(a)(2) of the Securities Act of 1933, as amended.

[Table of Contents](#)

Item 6. Exhibits

2.1 †	Asset Purchase and Sale Agreement dated as of December 19, 2016 by and among AutoWeb, Inc., Car.com, Inc., a Delaware corporation, and Internet Brands, Inc., a Delaware corporation, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on December 21, 2016 (SEC File No. 001-34761)
3.1	Sixth Restated Certificate of Incorporation of AutoWeb, Inc., incorporated by reference to Exhibit 3.4 to the Current Report on Form 8-K filed with the SEC on October 10, 2017 (SEC File No. 001-34761) (“ October 2017 Form 8-K ”)
3.2	Seventh Amended and Restated Bylaws of AutoWeb, Inc. dated October 9, 2017, incorporated by reference to Exhibit 3.5 to the October 2017 Form 8-K
4.1	Tax Benefit Preservation Plan dated as of May 26, 2010 between Company and Computershare Trust Company, N.A., as rights agent, together with the following exhibits thereto: Exhibit A – Form of Right Certificate; and Exhibit B – Summary of Rights to Purchase Shares of Preferred Stock of Company, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on June 2, 2010 (SEC File No. 000-22239), Amendment No. 1 to Tax Benefit Preservation Plan dated as of April 14, 2014, between Company and Computershare Trust Company, N.A., as rights agent, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 16, 2014 (SEC File No. 001-34761), Amendment No. 2 to Tax Benefit Preservation Plan dated as of April 13, 2017, between Company and Computershare Trust Company, N.A., as rights agent, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 14, 2017 (SEC File No. 001-34761)
4.2	Certificate of Adjustment Under Section 11(m) of the Tax Benefit Preservation Plan, incorporated by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012 filed with the SEC on November 8, 2012 (SEC File No. 001-34761)
10.1 ■	Employment Agreement dated as of April 12, 2018 between Company and Jared R. Rowe, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 18, 2018 (SEC File No. 001-34761) (“ April 2018 Form 8-K ”)
10.2 ■	Inducement Stock Option Award Agreement dated as of April 12, 2018 between Company and Jared R. Rowe, incorporated by reference to Exhibit 10.2 to the April 2018 Form 8-K
10.3 ■	Consulting Services Agreement dated as of April 12, 2018 between Company and Jeffrey H. Coats, incorporated by reference to Exhibit 10.3 to the April 2018 Form 8-K
10.4 ■	Second Amended and Restated Severance Benefits Agreement dated as of April 12, 2018 between Company and Glenn E. Fuller, incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, filed with the SEC on May 10, 2018 (SEC File No. 001-34761)
10.5 ■*	Confidential Separation and Release Agreement dated as of June 1, 2018 between Company and Kimberly Boren
10.6 ■*	Consulting Services Agreement dated as of June 9, 2018 between Company and Kimberly Boren
10.7 ■	AutoWeb, Inc. 2018 Equity Incentive Plan, which is incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 27, 2018 (SEC File No. 001-34761)
10.8 ■*	Form of Non-Employee Director Stock Option Award Agreement (Non-Qualified Stock Option) under the AutoWeb, Inc. 2018 Equity Incentive Plan
10.9 ■*	Form of Employee Stock Option Award Agreement (Non-Qualified Stock Option) (Executive) under the AutoWeb, Inc. 2018 Equity Incentive Plan
10.10 ■*	Form of Employee Stock Option Award Agreement (Non-Qualified Stock Option) (Non-Executive) under the AutoWeb, Inc. 2018 Equity Incentive Plan
10.11 ■*	Form of Restricted Stock Award Agreement under the AutoWeb, Inc. 2018 Equity Incentive Plan
31.1 *	Rule 13a-14(a)/15d-14(a) Certification by Principal Executive Officer
31.2 *	Rule 13a-14(a)/15d-14(a) Certification by Principal Financial Officer
32.1 *	Section 1350 Certification by Principal Executive Officer and Principal Financial Officer
101.INS††	XBRL Instance Document
101.SCH††	XBRL Taxonomy Extension Schema Document
101.CAL††	XBRL Taxonomy Calculation Linkbase Document
101.DEF††	XBRL Taxonomy Extension Definition Document
101.LAB††	XBRL Taxonomy Label Linkbase Document
101.PRE††	XBRL Taxonomy Presentation Linkbase Document

- * Filed herewith.
- Management Contract or Compensatory Plan or Arrangement.
- ‡ Certain schedules in this Exhibit have been omitted in accordance with Item 601(b)(2) of Regulation S-K. AutoWeb, Inc. will furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request; provided, however, that AutoWeb, Inc. may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.
- †† Furnished with this report. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

CONFIDENTIAL SEPARATION AND RELEASE AGREEMENT

It is hereby agreed by and between you, Kimberly Boren (for yourself, your spouse, family, agents and attorneys) (jointly, "You" or "Employee"), and AutoWeb, Inc. "Company"), as follows:

1. **Separation of Employment.** You acknowledge that your employment with the Company ended effective April 12, 2018 ("**Employment Termination Date**") by reason of your voluntary resignation and that You will perform no further duties, functions or services for the Company subsequent to the Employment Termination Date (other such transition consulting services to be provided by you pursuant to the Consulting Services Agreement referred to below), and that your last day of employment with the Company was the Employment Termination Date.
2. **Release Consideration.** In exchange for and in consideration of your promises and obligations in this Confidential Separation and Release Agreement ("**Release**"), including the release of claims set forth below, if You sign and do not revoke this Release and this Release becomes effective, and subject to your compliance with the terms of this Release, the Company will enter into the Consulting Services Agreement attached hereto as Exhibit A ("**Consulting Agreement**"), which provides for the Consulting Consideration set forth on the Consulting Services Schedule to the Consulting Agreement.
3. **Acknowledgement of Receipt of Amounts Due.** You acknowledge and agree that You have received all, and that the Company does not owe You any additional, payments, benefits or other compensation as a result of your employment with the Company or your separation from employment with the Company, including, but not limited to, wages, commissions, bonuses, vacation pay, severance pay, expenses, fees, or other compensation or payments of any kind or nature.
4. **Return of Company Property.** You represent and warrant that You have returned to the Company any and all documents, software, equipment (including, but not limited to, computers and computer-related items), and all other materials or other things in your possession, custody, or control which are the property of the Company, including, but not limited to, Company identification, keys, computers, cell phones, and the like, wherever such items may have been located; as well as all copies (in whatever form thereof) of all materials relating to your employment, or obtained or created in the course of your employment with the Company. You hereby represent that, other than those materials You have returned to the Company pursuant to this Section 4, You have not copied or caused to be copied, and have not transferred or printed-out or caused to be transferred or printed-out, any software, computer disks, e-mails or other documents other than those documents generally available to the public, or retained any other materials originating with or belonging to the Company. You further represent that You have not retained in your possession, custody or control, any software, documents or other materials in machine or other readable form, which are the property of the Company, originated with the Company, or were obtained or created in the course of or relate to your employment with the Company. The parties acknowledge that You have in your possession a Company laptop computer as provided for in, and subject to the terms and conditions of, the Consulting Agreement.

5. Confidentiality and Non-Solicitation/Interference.

(a) You shall keep confidential, and shall not hereafter use or disclose to any person, firm, corporation, or other entity, in whole or in part, at any time in the future, any trade secret, proprietary information, or confidential information of the Company, including, but not limited to, information relating to trade secrets, processes, methods, pricing strategies, customer lists, marketing plans, product introductions, advertising or promotional programs, sales, financial results, financial records and reports, regulatory matters and compliance, and other confidential matters, except as required by applicable law, rule, regulation, legal process or order and as necessary for compliance purposes. These obligations are in addition to the obligations set forth in any confidentiality or non-disclosure agreement between You and the Company, including, without limitation, that certain Employee Confidentiality Agreement dated as of April 26, 2010, which shall survive and remain binding on You after the Employment Termination Date. The parties understand that You may have trade secret, proprietary information or confidential information of the Company related to certain proposed acquisitions or other transactions on your personal electronic devices. You acknowledge that any trade secrets, proprietary information or confidential information remains subject to your confidentiality obligations to the Company and that you remain responsible for maintaining the confidentiality of the Company's trade secrets, proprietary information or confidential information. You will use all reasonable efforts to delete all Company trade secrets, proprietary information or confidential information from your personal electronic devices.

(b) Unless required by applicable law, rule, regulation, legal process or order or to enforce this Release, Employee shall not disclose the existence of the Release or this Release or the underlying terms to any third party, including without limitation, any former, present or future employee of the Company, other than to Employee's immediate family who have a need to know such matters or to Employee's tax or legal advisors who have a need to know such matters. If Employee does disclose this Release, or any of its terms to any of Employee's immediate family or tax or legal advisors, then Employee will inform them that they also must keep the existence of this Release and its terms confidential. The Company may disclose the existence or terms of this Release and its terms and may file this Release as exhibits to its public filings if it is required to do so under applicable law, rule, regulation or order.

6. Unconditional General Release of Claims.

(a) In consideration for the entering into the Consulting Agreement as provided for in Section 2, and notwithstanding the provisions of Section 1542 of the Civil Code of California, You unconditionally release and forever discharge the Company, and the Company's current, former, and future controlling shareholders, subsidiaries, affiliates, related companies, predecessor companies, divisions, directors, trustees, officers, employees, agents, attorneys, successors, and assigns (and the current, former, and future controlling shareholders, directors, trustees, officers, employees, agents, and attorneys of any such subsidiaries, affiliates, related companies, predecessor companies, and divisions) (all of the foregoing released persons or entities being referred to herein collectively as "**Releasees**"), from any and all known and unknown claims, complaints, demands, actions, suits, causes of action, obligations, damages and liabilities of whatever kind or nature, whether known or unknown and regardless of whether the knowledge thereof would have materially affected your agreement to release the Company hereunder, based on any act, omission, event, occurrence, or nonoccurrence from the beginning of time to the date of execution of this Release, including, but not limited to, claims that arise out of or in any way relate to your employment or your separation from employment with the Company.

(b) You acknowledge and agree that the foregoing unconditional and general release includes, but is not limited to, (i) any claims for salary, bonuses, commissions, equity, compensation (except as specified in this Release), wages, penalties, premiums, severance pay, vacation pay or any benefits under the Employee Retirement Income Security Act of 1974, as amended; (ii) any claims of harassment, retaliation or discrimination; (iii) any claims based on any federal, state or governmental constitution, statute, regulation or ordinance, including, without limitation, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act (“ADEA”), the Americans With Disabilities Act, Section 1981 of the Civil Rights Act of 1866, the California Fair Employment and Housing Act, the California Family Rights Act, the Family and Medical Leave Act, the California Constitution, the California Labor Code, the California Industrial Welfare Commission Wage Orders, the California Government Code, and the Worker Adjustment and Retraining Notification Act; (iv) whistleblower claims, claims of breach of implied or express contract, breach of promise, misrepresentation, negligence, fraud, estoppel, defamation, infliction of emotional distress, violation of public policy, wrongful or constructive discharge, or any other employment-related tort, and any claims for costs, fees, or other expenses, including attorneys’ fees; and (v) any other aspect of your employment or the termination of your employment.

(c) For the purpose of implementing a full and complete release, You expressly acknowledge and agree that this Release resolves all claims You may have against the Company and the Releasees as of the date of this Release, including but limited to claims that You did not know or suspect to exist in your favor at the time of the execution of this Release. You expressly waive any and all rights which You may have under the provisions of Section 1542 of the California Civil Code or any similar state or federal statute. Section 1542 provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

(d) You hereby certify that You have not experienced a job-related illness or injury for which You have not already filed a claim.

(e) This general release does not waive or release rights or claims arising after You sign this Release, including claims to enforce this Release.

7. Covenant Not to Sue. A “covenant not to sue” is a promise not to sue in court. This covenant differs from a general release of claims in that, besides waiving and releasing the claims covered by this Release, You represent and warrant that You have not filed, and agree that You will not file, or cause to be filed or maintained, any judicial complaint, lawsuit or demand for arbitration involving any claims You have released in this Release, and You agree to withdraw any judicial complaints, lawsuits or demands for arbitration You have filed, or were filed on your behalf, prior to the effective date of this Release. Still, You may sue to enforce this Release. You agree if You breach this covenant, then You must pay the legal expenses incurred by any Releasee in defending against your suit, including reasonable attorneys’ fees, or, at the Company’s option, return everything paid to You under this Release.

In that event, the Company shall be excused from making any further payments owed to You under paragraph 2 of this Release. Furthermore, You give up all rights to individual damages in connection with any administrative or court proceeding with respect to your employment with or termination of employment from, the Company. You also agree that if You are awarded money damages, You will assign your right and interest to such money damages (i) in connection with an administrative charge, to the relevant administrative agency; and (ii) in connection with a lawsuit or demand for arbitration, to the Company.

8. **Cooperation With Company.** You agree to assist and cooperate (including, but not limited to, providing information to the Company and/or testifying truthfully in a proceeding) in the investigation and handling of any internal investigation, governmental matter, or actual or threatened court action, arbitration, administrative proceeding, or other claim involving any matter that arose during the period of your employment. You shall be reimbursed for reasonable expenses actually incurred in the course of rendering such assistance and cooperation. Your agreement to assist and cooperate shall not affect in any way the content of information or testimony provided by You.

9. **No Reemployment.** You agree not to seek employment in the future with any Releasee. You acknowledge and agree that the Company has no obligation to employ You or offer You employment in the future and You shall have no recourse against the Company if it refuses to employ You or offer You employment. If You do seek re-employment, then this Release shall constitute sufficient cause for the Company to refuse to re-employ You.

10. **No Admission of Liability.** This Release does not constitute an admission that the Company or any other Releasee has violated any law, rule, regulation, contractual right or any other duty or obligation.

11. **Severability.** Should any provision of this Release be declared or be determined by any court or arbitrator to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected, and said illegal or invalid part, term, or provision shall be deemed not to be part of this Release.

12. **Governing Law.** This Release is made and entered into in the State of California and shall in all respects be interpreted, enforced, and governed under the law of that state, without reference to conflict of law provisions thereof.

13. **Interpretation.** The language of all parts in this Release shall be construed as a whole, according to fair meaning, and not strictly for or against any party. The captions and headings contained in this Release are for convenience only and shall not control the meaning, effect, or construction of this Release.

14. **Knowing and Voluntary Agreement.** You have carefully reviewed this Release and understand the terms and conditions it contains. By entering into this Release, You are giving up potentially valuable legal rights. You specifically acknowledge that You are waiving and releasing any rights You may have under the ADEA. You acknowledge that the consideration given for this waiver and release is in addition to anything of value to which You were already entitled. You acknowledge that You are signing this Release knowingly and voluntarily and intend to be bound legally by its terms.

15. Protected Rights.

(a) An individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order

(b) You understand that nothing contained in this Agreement or in the Confidentiality Agreement limits your ability to file a charge or complaint with the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("**Government Agencies**"). You further understand that this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit your right to receive an award for information provided to any Government Agencies.

16. **Entire Agreement.** You hereby acknowledge that no promise or inducement has been offered to You, except as expressly stated in this Release and You are relying upon none. This represents the entire agreement between You and the Company with respect to the subject matter hereof, and supersedes any other written or oral understandings between the parties pertaining to the subject matter hereof and may only be amended or modified with the prior written consent of You and the Company.

17. **Arbitration.** Any controversy or claim arising out of, or related to, this Release, or the breach thereof, shall be governed by the terms of the Arbitration Agreement (as defined in the Severance Benefits Agreement).

18. **Period for Review and Consideration/Revocation Rights.** You understand that You have twenty-one (21) days after this Release has been delivered to You by the Company to decide whether to sign this Release, although You may sign this Release at any time within the twenty-one (21) day period. If You do sign it, You also understand that You will have an additional seven (7) days after the date You sign this Release to change your mind and revoke this Release, in which case a written notice of revocation must be delivered to the Company's Chief Legal Officer, AutoWeb, Inc., 18872 MacArthur Blvd. Suite 200, Irvine, California 92612-1400, on or before the seventh (7th) day after you sign this Release (or on the next business day if the seventh calendar day is not a business day). You understand that this Release will not become effective or enforceable until after that seven (7) day period has passed. If You revoke this Release, this Release shall not be effective or enforceable as to any rights You may have under this Release. In the event that You revoke this Release, You will not be entitled to the payments specified in Paragraph 2.

19. **Advice of Attorney and Tax Advisor.** Employee acknowledges that: (i) the Company has advised Employee to consult with an attorney and/or tax advisor of Employee's choosing (and at Employee's own cost and expense) before executing this Release, and (ii) Employee is not relying upon the Company for, and the Company has not provided, legal or tax advice to Employee in connection with this Release. It is the responsibility of Employee to seek independent tax and legal advice with regard to the tax treatment of this Release and the payments and benefits that may be made or provided under this Release and any other related matters. Employee acknowledges that Employee has had a reasonable opportunity to seek and consider advice from Employee's attorney and tax advisors.

PLEASE READ CAREFULLY. THIS RELEASE INCLUDES A GENERAL RELEASE OF ALL CLAIMS, KNOWN AND UNKNOWN. YOU MAY NOT MAKE ANY CHANGES TO THE TERMS OF THIS RELEASE THAT ARE NOT AGREED UPON BY THE COMPANY IN WRITING. ANY CHANGES SHALL CONSTITUTE A REJECTION OF THIS RELEASE BY EMPLOYEE.

Dated June 1, 2018

/s/ Kimberly Boren
Kimberly Boren

AUTOWEB, INC.

Dated June 11, 2018

By: /s/ Glenn E. Fuller
Glenn E. Fuller
EVP, Chief Legal and
Administrative Officer and
Secretary

Exhibit A
Form of Consulting Services Agreement

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (“**Agreement**”) is entered into effective as of the effective date set forth on the signature page to this Agreement (“**Effective Date**”) by and between AutoWeb, Inc., a Delaware corporation (“**Company**”), and the individual identified as the consultant on the signature page to this Agreement (“**Consultant**”).

Background

The Company is engaged in the business of providing internet marketing services for the automotive industry. Consultant was formerly employed by the Company as its EVP, Chief Financial Officer and voluntarily resigned her positions at, and employment with, the Company and its affiliated entities effective as of April 12, 2018 (“**Employment Termination Date**”) in order to take a position with another company. The Company wishes to engage Consultant to provide the transition services described herein on a consulting basis, and Consultant wishes to be engaged to provide such transition services.

In consideration of the covenants and agreements set forth herein, the parties hereto agree as follows.

ARTICLE I
CONSULTING SERVICES

1.1 **Consulting Services.** The Company hereby engages Consultant to perform the transition services (“**Consulting Services**”) set forth on the Consulting Services Schedule attached hereto as Exhibit A (“**Consulting Services Schedule**”), and Consultant hereby accepts the engagement, upon the terms and conditions hereinafter set forth. The parties acknowledge that in deciding to engage Consultant, the Company has relied solely on the experience, expertise and reputation of Consultant. All Consulting Services are to be provided solely by the Consultant and no other employees of or contractors for Consultant.

1.2 **Term.** The engagement of Consultant hereunder shall commence effective as of the Effective Date and shall continue until the first anniversary of the Effective Date (“**Agreement Expiration Date**”). This Agreement may be terminated prior to the Agreement Expiration Date (i) by Consultant for any reason, with or without cause, upon thirty (30) days prior written notice to Company; or (ii) by either party by reason of a material breach of this Agreement by the other party upon thirty (30) days prior written notice detailing the breach by the breaching party and breaching party fails to cure such breach within thirty (30) days following such written notice. The period commencing with the Effective Date and ending on the earlier of (i) the Agreement Expiration Date and (ii) the effective date of any termination of this Agreement by a party prior to the Agreement Expiration Date in accordance with the provisions of this Section 1.2 is referred to herein as the “**Consulting Term**.” The provisions of Sections 1.5, Articles III and IV shall survive any termination of this Agreement.

1.3 **Standards of Care and Conduct.** In the performance of the Consulting Services under this Agreement, Consultant shall adhere to those fiduciary standards, ethical practices and standards of care and competence which are customary for professionals rendering consulting and advisory services of the type provided for in this Agreement. In performing the Consulting Services, Consultant shall comply with (i) all applicable laws, rules, regulations and order; (ii) reasonable instructions and directions from the Company; and (iii) the Company’s Code of Conduct and other similar policies. Consultant shall avoid engaging in any consulting, employment or other business arrangements with third parties that may constitute or give rise to a conflict of interest with respect to the Company’s engagement of Consultant or in the provision of the Consulting Services. Consultant represents and warrants to the Company that Consultant currently does not have any such arrangements that constitute or may give rise to a conflict of interest, and Consultant shall disclose to Company any proposed arrangements that constitute or may give rise to a conflict of interest prior to entering into any such arrangement. The Company may at its discretion (i) request Consultant to terminate any arrangement that the Company believes does or may constitute a conflict of interest for Consultant in connection with Consultant’s engagement by the Company or in the

performance of the Consulting Services; or (ii) if Consultant does not terminate such arrangement, terminate this Agreement. Consultant represents and warrants that Consultant's entering into this Agreement and performing the Consulting Services will not conflict with or constitute a breach of any other agreements or obligations Consultant has with or to any third party.

1.4 Independent Contractor.

(a) Consultant will perform all Consulting Services as an independent contractor and not as an employee of the Company. Consultant acknowledges and agrees that Consultant is a self-employed independent contractor and that nothing in this Agreement shall be considered to create an employer-employee relationship between the Company and Consultant. Consultant is not eligible to receive and will not receive or participate in any compensation or employee benefit plans or arrangements of any type in which employees of the Company may participate, including but not limited to, any (i) retirement, pension, savings, profit-sharing or other similar plans or arrangements; (ii) any stock option, stock purchase or other equity participation plans or arrangements; (iii) any long-term or short-term bonus or other compensation plans or arrangements; (iv) sick pay, paid non-working holidays, or paid vacations or leave days; (v) overtime; (vi) any life, accident, disability, health or dental insurance or reimbursement plans or arrangements; and (vii) workers' compensation. If Consultant is found, by a court of competent jurisdiction to be an "employee" of the Company, notwithstanding the foregoing, and to the extent permitted by applicable law, rule, regulation or order, Consultant voluntarily waives any and all rights, if any, to all such compensation or benefits.

(b) As an independent contractor, Consultant is solely responsible for the payment of any and all self-employment taxes and/or assessments imposed on account of the payment of compensation to, or the performance of the Consulting Services by, Consultant pursuant to this Agreement, including, without limitation, any state, federal or foreign unemployment insurance tax, income tax, Social Security (FICA) payments, and disability insurance taxes. The Company shall not, by reason of Consultant's status as an independent contractor and the representations contained herein, make any withholdings or payments of said taxes or assessments with respect to compensation paid Consultant hereunder; provided, however, that if required by law or any governmental agency, the Company shall withhold any such taxes or assessments from the compensation due Consultant, and any such withholding shall be for Consultant's account and shall not be reimbursed by the Company to Consultant. Consultant expressly agrees to treat any compensation earned under this Agreement as self-employment income for federal and state tax purposes, and to make all payments of federal and state income taxes, unemployment insurance taxes, and disability insurance taxes as, when, and to the extent the same may become due and payable with respect to such self-employment compensation earned under this Agreement.

(c) Consultant is not an agent of the Company. Unless otherwise directed by the Company in writing, Consultant is not authorized to (i) waive any right or to incur, assume, or create any debt, obligation, contract, or release of any kind whatsoever in the name or on behalf of the Company or any affiliated entity nor (ii) to hold Consultant out as an employee or agent of the Company or any affiliated entity or to make any statement or representation that Consultant has any such authority.

(d) Consultant shall maintain adequate general liability, errors and omissions and other insurance covering Consultant as required by applicable law, rule or regulation (e.g., workers' compensation).

(e) Consultant represents and warrants to the Company that Consultant is authorized to provide the Consulting Services under applicable laws, rules and regulations.

(f) Consultant shall comply with all applicable laws, rules and regulations in the performance of the Consulting Services, and on request, Consultant shall furnish the Company with appropriate assurances or certificates of compliance.

(g) Consultant shall retain the right to determine the method, details and means of performing the Consulting Services.

1.5 Indemnification.

(a) Each party to this Agreement will defend, indemnify and hold harmless the other party and each of its parent com

(b) If a party entitled to indemnification under this Section 1.5 (an “**Indemnified Party**”) makes an indemnification request to the other party, the Indemnified Party shall permit the other party (the “**Indemnifying Party**”) to control the defense and disposition or settlement of the matter at its own expense; provided, however, that the Indemnifying Party may not enter into any settlement thereof with the Indemnified Party’s prior written consent (not to be unreasonably withheld or delayed) unless the Indemnified Party is fully and unconditionally released from such claims without any admission of liability and the Indemnified Party is not subject to any injunctive or other equitable relief or other obligations. The Indemnified Party shall be permitted to participate in such defense and represent itself at its own expense with counsel of its own choosing. The Indemnified Party shall notify the Indemnifying Party promptly of any claim for which Indemnifying Party is responsible and shall cooperate with the Indemnifying Party in every commercially reasonable way to facilitate defense of any such claim; provided that the Indemnified Party’s failure to notify Indemnifying Party shall not diminish Indemnifying Party’s obligations under this Section 1.5 except to the extent that Indemnifying Party is materially prejudiced as a result of such failure.

ARTICLE II CONSULTING CONSIDERATION AND EXPENSES

2.1 **Consulting Consideration.** In consideration for the performance of the Consulting Services, Consultant shall receive the consideration set forth on the Consulting Services Schedule (“**Consulting Consideration**”).

2.2 **Expenses.** Except as may otherwise be set forth on the Consulting Services Schedule, (i) the Consulting Consideration includes any and all costs, fees and expenses which may be incurred by Consultant in its performance of the Consulting Services; and (ii) Consultant shall not be reimbursed for any costs or expenses unless authorized by the Company in writing in advance of Consultant incurring the costs, fees or expenses. As to expenses for which the Company will reimburse Consultant as set forth on the Consulting Services Schedule, the Company shall pay or reimburse Consultant for all reasonable and authorized business expenses incurred by Consultant while engaged under this Agreement so long as said expenses have been incurred for and promote the business of the Company and are normally and customarily incurred by consultants performing similar consulting services in the same or similar market. As a condition to reimbursement under this Section 2.2, Consultant shall furnish to the Company adequate records and other documentary evidence required by federal and state statutes and regulations for the substantiation of each expenditure. Consultant must submit proper documentation for each such expense within thirty (30) days after the date that Consultant incurs such expense, and the Company will reimburse Consultant for all eligible expenses within thirty (30) days thereafter. Consultant acknowledges and agrees that failure to furnish the required documentation may result in the Company denying all or part of the expense for which reimbursement is sought.

2.3 **Payments.** Payment of approved costs and expenses shall be made on a monthly basis in accordance with the Company’s customary accounts payable practice.

2.4 **Reporting.** Concurrently with the execution and delivery of this Agreement, the Consultant has provided Company with a completed IRS Form W-9 for Consultant. The Company will provide Consultant with an IRS Form 1099 each year reflecting the payments made to Consultant under this Agreement.

**ARTICLE III
CONFIDENTIALITY AND PROPRIETARY RIGHTS**

3.1 Confidential Information.

- (a) Consultant acknowledges and agrees that the Company has developed and uses and will develop and use Confidential Information and that Consultant will have access to and will participate in the creation or development of Confidential Information in the performance of the Consulting Services. All Confidential Information shall be and remain the sole property of the Company notwithstanding that Consultant may participate in the creation or development of the Confidential Information. For purposes of this Agreement, the term “**Confidential Information**” shall mean all Company business methods, techniques, plans, and know-how; budgets, financing and accounting techniques and projections; advertising, proposals, applications, marketing materials and concepts; customer files and other non-public information regarding customers; methods for developing and maintaining business relationships with customers, suppliers, vendors, and partners; customer and prospect lists; procedure manuals; employees and personnel information.
- (b) Consultant shall maintain the confidentiality of the Confidential Information and shall not
- (i) disclose to any other person or entity Confidential Information in any manner or for any purpose; or (ii) use Confidential Information in any manner or for any purpose which is directly or indirectly in competition with or injurious or adverse to the Company.
- (c) Upon termination of this Agreement for any reason, Consultant will promptly surrender to the Company all copies of Confidential Information in Consultant's possession or under Consultant's control, whether any such Confidential Information was prepared by Consultant or by others.
- (d) The obligations of Consultant under this Section 3.1 shall continue during the term of this Agreement and for a period of three (3) years after termination of this Agreement; provided that in the case of Confidential Information constituting trade secrets, the obligations shall continue for as long as such Confidential Information remains trade secrets.

3.2 Ownership of Intellectual Property.

- (a) (i) All Intellectual Property, whether or not patentable or copyrightable, made, conceived, written, developed or first reduced to practice by Consultant, whether solely or jointly with others, during the period of Consultant's engagement by the Company under this Agreement or prior to the Effective Date and which result from the performance of the Consulting Services or similar services performed for the Company or any predecessor company or business, shall be the sole and exclusive property of the Company. To the extent Consultant may retain any interest in any such Intellectual Property by operation of law or otherwise, Consultant hereby irrevocably assigns and transfers to the Company all of Consultant's entire right, title and interest in and to all such Intellectual Property. All copyrights and copyrightable material shall be deemed works for hire, and the Company shall have all right, title and interest in such material, including all moral rights, and shall be the author thereof for all purposes under applicable copyright laws. For purposes of this Agreement, the term “**Intellectual Property**” shall mean all inventions, improvements, discoveries, ideas, designs, software, trademarks, trade names, copyrights and copyrightable subject matter, patents, know-how, mask works, programs, documents, data, trade secrets and Confidential Information.
- (ii) Without limiting the generality of the forgoing provisions of this Section 3.2(a), all articles, documents, reports, manuals, programs, software or computer programs and components thereof, and any other deliverables or work products arising from or related to the Consulting Services or similar services or similar services performed for the Company or any predecessor company or business prior to the Effective Date (“**Materials**”) developed or authored by Consultant for the Company under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date, are to be considered Works Made for Hire as that term is defined in Section 101 of the Copyright Act (17 U.S.C. §101) and are and shall be the sole and exclusive property of the Company. Consultant agrees that any and all proprietary rights to the Materials developed hereunder or prior to the Effective Date, including, but not limited to, patent, copyright, trademark and trade secret rights, to the extent they are available, are the sole and exclusive property of the Company, free from any claim or retention of rights thereto on the part of Consultant or any employee or agent of Consultant, as of the Effective Date of this Agreement.

(b) To the extent that any Materials or Intellectual Property developed, authored, created or produced under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date may not be considered Works Made for Hire, or to the extent that Section 3.2(a)(i) or Section 3.2(a)(ii), is declared invalid either in substance or purpose, in whole or in part, Consultant hereby assigns and agrees to irrevocably assign, transfer, grant, convey and relinquish exclusively to the Company, any and all of Consultant's right, title and interest, including ownership of copyright and/or patent rights to any material developed by Consultant under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date without consideration beyond the mutual promises set forth in this Agreement and the payment of fees as provided for by this Agreement. All right, title and interest of every kind and nature, whether now known or unknown, in and to the copyrights, patents, ideas and creations created, written and developed by either Consultant or the Company in the course of providing the Consulting Services under and pursuant to this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date, shall be the exclusive property of the Company for any and all purposes and uses, and Consultant shall have no right, title or interest of any kind or nature in or to such material. As part of this Agreement, Consultant agrees to do all things necessary to protect this assignment, including but not limited to, executing an assignment of Consultant's copyright and/or patent interests in the Material and Intellectual Property created, authored and/or developed pursuant to this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date.

(c) Consultant represents and warrants that all Materials and Intellectual Property produced under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date were and shall be of original authorship by Consultant or that Consultant has the legal right to convey the entire right, title and interest in such Materials and Intellectual Property as is contemplated by this Agreement. Consultant further represents and warrants no other person, firm, corporation or entity has any rights or interest in the Materials and Intellectual Property Consultant submits or has submitted to the Company or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date. Consultant further warrants that its execution and performance of this Agreement, including, but not limited to, the tangible or intangible products produced as a result of it, shall not infringe upon or violate any patent, copyright, trade secret or other proprietary right of any third party and shall not constitute a defamation or invasion of the right of privacy or publicity.

(d) Consultant hereby appoints the Company, for the period of Consultant's engagement by the Company, and for five years thereafter, as Consultant's attorney-in-fact for the purpose of executing, in Consultant's name and on Consultant's behalf, such instruments or other documents as may be necessary to transfer, confirm and perfect in the Company the rights Consultant has granted to the Company pursuant to this Section 3.2.

(e) Consultant will assist the Company to obtain for its own benefit patents, copyrights and/or trademarks thereon in any and all jurisdictions as may be designated by the Company, and Consultant will execute when requested, patent, trademark and/or copyright applications and assignments thereof to the Company or persons designated by the Company, and any other lawful documents deemed necessary by the Company to carry out the purposes of this Agreement. Consultant will further assist the Company in every way to enforce any patents, copyrights, trade secrets, and other intellectual property rights of the Company, including, without limitation, testifying in any suit or proceeding involving any of the Intellectual Property or executing any documents deemed necessary by the Company, all without further consideration, but at the expense of the Company.

(f) The obligations and undertakings stated in this Section 3.2 shall continue beyond the termination of Consultant's engagement by the Company, but if Consultant is called upon to render such assistance after the termination of Consultant's engagement, then Consultant shall be entitled to a reasonable per diem fee in addition to reimbursement of any out-of-pocket expenses incurred at the request of the Company.

3.3 Prohibition on Interference with Relationships. During the term of this Agreement and for a period of one (1) year thereafter, Consultant shall not, directly or indirectly, without the Company's prior written consent, solicit any person or entity having contractual or other business relationships with the Company, including without limitation, any customer or client, lessee, supplier, business partner or independent contractor, for the purpose of having such person or entity terminate or modify such person's or entity's contractual and/or business relationship with the Company, nor shall Consultant interfere with any of such contractual or business relationships.

3.4 **Prohibition on Solicitation of Company Employees.** During the term of this Agreement and for a one (1)-year period following termination or expiration of this Agreement, Consultant will not directly or indirectly, without the Company's prior written consent, (i) solicit or recruit any of the Company's employees to leave the employ of the Company; or (ii) hire as an employee or engage as an independent contractor, any employee of the Company.

3.5 **Covenants Reasonable.** The parties hereto agree that the nature and duration of the covenants set forth in this Article III are reasonable under the circumstances. In the event any court or arbitrator determines that the nature of any covenant or the duration of any covenant, or both, are unreasonable and to that extent is unenforceable, the parties agree that such covenant shall remain in full force and effect to the greatest extent and duration as would not render the covenant unenforceable.

3.6 **Cooperation and Assistance.** Consultant agrees to reasonably assist and cooperate (including, but not limited to, providing information to the Company and/or testifying in a proceeding) in the investigation and handling of any internal investigation, legislative matter, or actual or threatened court action, arbitration, administrative proceeding, or other claim involving any matter that arose during Consultant's period of employment by the Company or during the Term of this Agreement. Consultant's agreement to assist and cooperate shall not affect in any way the content of information or testimony provided by Consultant.

3.7 **Right to Injunctive and Equitable Relief.** Consultant's obligations under this Article III are of a special and unique character which gives them a special value to the Company. The Company cannot be reasonably or adequately compensated in damages in an action at law in the event Consultant breaches such obligations. Therefore, Consultant expressly agrees that the Company shall be entitled to injunctive and other equitable relief in the event of such breach in addition to any other rights or remedies which the Company may possess at law or in equity. The obligations of Consultant and the rights and remedies of the Company under this Article III are cumulative and in addition to, and not in lieu of, any obligations, rights or remedies created by applicable law, including without limitation, applicable copyright and patent laws and laws relating to misappropriation or theft of trade secrets or confidential information.

ARTICLE IV GENERAL PROVISIONS

4.1 **Notices.** Any notice required or permitted under this Agreement will be considered to be effective in the case of (i) certified mail, when sent postage prepaid and addressed to the party for whom it is intended at its address of record, three (3) days after deposit in the mail; (ii) by courier or messenger service, upon receipt by recipient as indicated on the courier's receipt; or (iii) upon receipt of an Electronic Transmission by the party that is the intended recipient of the Electronic Transmission. The record addresses, facsimile numbers of record, and electronic mail addresses of record for the parties are set forth below, for the Company, or on the Consulting Services Schedule, for Consultant and may be changed from time to time by notice from the changing party to the other party pursuant to the provisions of this Section 4.1.

If to the Company:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, California 92612-1400
Attention: Legal Department
Facsimile No.: 949.862.1323

If to Consultant: As set forth on the Consulting Services Schedule

For purposes of this Section 4.1, "**Electronic Transmission**" means a communication (i) delivered by facsimile, telecommunication or electronic mail when directed to the facsimile number of record or electronic mail address of record, respectively, which the intended recipient has provided to the other party for sending notices pursuant to this Agreement and (ii) that creates a record of delivery and receipt that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

4.2 **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations between the parties with respect to the subject matter hereof. Notwithstanding the foregoing, this Agreement is not intended by the parties to supersede, and does not supersede, any prior or contemporaneous agreements or understandings entered into by the parties in connection Consultant's prior employment with the Company or the termination of such employment, including without limitation that certain Employee Confidentiality Agreement dated as of April 26, 2010 between Company and Consultant, that certain Mutual Agreement To Arbitrate dated April 26, 2010 between Company and Consultant and that certain Confidential Separation and Release Agreement dated as of the Effective Date between Company and Consultant, all of which agreements remain in full force and effect in accordance with their terms.

4.3 **Modifications, Amendments, Waivers and Extensions.** This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived or extensions of time for performance granted, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. No waiver of any default or breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding default or breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

4.4 **Governing Law.** This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.

4.5 **Partial Invalidity.** Any provision of this Agreement which is found to be invalid or unenforceable by any court in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability, and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions hereof.

4.6 **Dispute Resolution, Forum.**

(a) The parties consent to and agree that any dispute or claim arising hereunder shall be submitted to binding arbitration in Orange County, California, and conducted in accordance with the Judicial Arbitration and Mediation Service ("JAMS") rules of practice then in effect or such other procedures as the parties may agree in writing, and the parties expressly waive any right they may otherwise have to cause any such action or proceeding to be brought or tried elsewhere. The parties hereunder further agree that (i) any request for arbitration shall be made in writing and must be made within a reasonable time after the claim, dispute or other matter in question has arisen; provided however, that in no event shall the demand for arbitration be made after the date that institution of legal or equitable proceedings based on such claim, dispute or other matter would be barred by the applicable statute(s) of limitations; (ii) the appointed arbitrator must be a former or retired judge or attorney at law with at least ten (10) years experience in commercial matters; (iii) costs and fees of the arbitrator shall be borne by both parties equally, unless the arbitrator or arbitrators determine otherwise; (iv) depositions may be taken and other discovery may be obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings; and (v) the award or decision of the arbitrator, which may include equitable relief, shall be final and judgment may be entered on such award in accordance with applicable law in any court having jurisdiction over the matter.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(c) The parties acknowledge and agree that money damages may not be a sufficient remedy for a breach of certain provisions of this Agreement, including but not limited to, Article III, and accordingly, a non-breaching party may be entitled to specific performance and injunctive relief as remedies for such violation. Accordingly, notwithstanding the other provisions of this Section 4.6, the parties agree that a non-breaching party may seek relief in a court of competent jurisdiction for the purposes of seeking equitable relief hereunder, and that such remedies shall not be deemed to be exclusive remedies for a violation of the terms of this Agreement but shall be in addition to all other remedies available to the non-breaching party at law or in equity.

(d) In any action, arbitration or other proceeding by which one party either seeks to enforce its rights under this Agreement or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, and subject to Section 4.6(a), reasonable costs and expenses incurred to resolve such dispute and to enforce any final judgment.

(e) No remedy conferred on either party by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of one or more remedies by a party will not constitute a waiver of the right to pursue other available remedies.

4.7 **Interpretation.** Titles and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement. No provision of this Agreement shall be construed in favor of or against any party by reason of the extent to which the party or the party's counsel participated in the drafting hereof.

4.8 **Assignment.** This Agreement and the rights, duties, and obligations hereunder may not be assigned or delegated by any party without the prior written consent of the other party. Any assignment or delegation of rights, duties, or obligations hereunder made without the prior written consent of the other party shall be void and be of no effect. Notwithstanding the foregoing provisions of this Section 4.8, the Company may assign or delegate its rights, duties and obligations hereunder to any person or entity controlling, controlled by, or under common control with the Company or any person or entity which acquires substantially all of the business or assets of the Company.

4.9 **Successors and Assigns.** This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their respective permitted successors and assigns.

4.10 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. Signatures on this Agreement may be communicated by facsimile or PDF transmission and shall be binding upon the parties transmitting the same.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first written above.

Effective Date:

Company
AutoWeb, Inc.

By: _____
Glenn E. Fuller
EVP, Chief Legal and Administrative Officer and
Secretary

“Consultant”

Kimberly Boren

Exhibit A
Consulting Services Schedule

Consultant Name: Kimberly Boren

Consultant Contact Information

for Notice Purposes: Kimberly Boren

[Personal Residence Information Redacted]

Consulting Services: Consultant will make herself available on an as-needed basis (subject to reasonable notice and at reasonable times not interfering with Consultant's employment with her new employer), to provide, and will provide, transition support services for the Company's accounting, banking, financial, governmental reporting, finance, strategic transactions modeling and investor relation functions.

Consulting Time: The Company and Consultant shall agree in advance upon the number of hours to be spent by Consultant in the performance of the Consulting Services, which agreement may be in the form of a "not to exceed" number of hours during weekly or monthly periods or hours specified for individual projects. In no event shall Consultant exceed the agreed upon hours without Company's prior written approval.

The Company and Consultant shall agree in advance upon the number of hours to be spent by Consultant in the performance of the Consulting Services, which agreement may be in the form of a "not to exceed" number of hours during weekly or monthly periods or hours specified for individual projects. In no event shall Consultant be required or permitted to perform services under this Agreement at a level during any monthly period that is greater than twenty percent (20%) of the average level of service that Consultant performed for the Company during the 36-month period immediately preceding the Termination Date. The parties acknowledge that during the 36-month period immediately preceding the Termination Date, Consultant worked an average of approximately 50 hours per week for the Company.

Consulting Consideration: As consideration for the performance of the commitments and obligations made by Consultant in this Agreement, the Company and Consultant agree as follows:

1. Stock Options.

(a) ***Vesting*** Any of the stock options to purchase common stock of the Company listed below that were awarded to Consultant during Consultant's employment by the Company ("**Employment Stock Options**") will continue to vest in accordance with their normal vesting schedules set forth in the applicable stock option award agreements during the Consulting Term. Any Employment Stock Options that remain unvested at the end of the Consulting Term shall terminate and be cancelled at that time, and in no event shall any Employment Stock Options vest if such Employment Stock Options would have vested after the end of the Consulting Term. Notwithstanding any provisions in the applicable stock option award agreements for the Employment Stock Options to the contrary, the vesting of Employment Stock Options shall not be accelerated if any acceleration event provided for in the applicable stock option award agreements occurs during the Consulting Term; ***provided, however***, that if the acceleration event is a change in control (as defined for purposes of the stock option award agreements) of the Company, then the vesting of any unvested Employment Stock Options shall be accelerated to the extent and as provided in the applicable stock option award agreements. In no event shall any Employee Stock Options vest (whether in accordance with their normal vesting schedule or by reason of the limited acceleration of vesting set forth above) after the original expiration dates of the Employee Stock Options set forth in the applicable stock option award agreements for the Employment Stock Options.

(b) ***Post-Termination of Employment Exercise Periods.*** Any post-employment termination exercise periods for Employment Stock Options that are vested as of the end of the Consulting Term shall be tolled during the Consulting Term and shall not commence running until the end of the Consulting Term; ***provided, however***, that in no event will the post-termination exercise periods extend beyond the original expiration dates of the Employee Stock Options set forth in the applicable stock option award agreements for such Employee Stock Options.

(c) **Amendments to Award Agreements.** The applicable provisions of the stock option award agreements for the Employee Stock Options are hereby amended to implement the vesting continuation and limited vesting acceleration set forth in clause (a) of this paragraph 1 and the tolling of the post-termination exercise periods set forth in clause (b) of this paragraph 1.

Plan Name	Grant Date	Grant Price	Original Options Granted	Options Vested as of Employment Termination Date	Options Unvested as of Employment Termination Date	Original Post-Termination of Employment Exercise Window	Original Expiration Date
12/7/11 NQ \$0.76 10IP	12/7/2011	\$3.80	10,000	10,000 Covered under Rule 10b5-1 Plan	0	May exercise vested options for a period of 90 days	12/7/2018
04/26/2010 NQ \$0.79 06IP	4/26/2010	\$3.95	5,000	5,000	0	May exercise vested options for a period of 90 days	4/23/2020
1/10/12 NQ \$0.78 10IP Performance	1/10/2012	\$3.90	12,340	12,340	0	May exercise vested options for a period of 90 days	1/10/2019
1/24/13 NQ \$4.00 10IP Performance	1/24/2013	\$4.00	6,875	6,875	0	May exercise vested options for a period of 90 days	1/24/2020
3/17/14 NQ \$14.32 10IP	3/17/2014	\$14.32	7,400	7,400	0	May exercise vested options for a period of 90 days	3/17/2021
1/21/15 NQ \$9.10 2014IP	1/21/2015	\$9.10	20,000	20,000	0	May exercise vested options for a period of 90 days	1/21/2022
1/23/15 NQ \$10.20 2014IP	1/23/2015	\$10.20	15,000	15,000	0	May exercise vested options for a period of 90 days	1/23/2022
5/18/15 NQ \$13.22 2014IP	5/18/2015	\$13.22	6,000	5,668	332	May exercise vested options for a period of 90 days	5/18/2022
7/15/16 NQ \$14.41 2014 AR IP	7/15/2016	\$14.41	30,000	16,672	13,328	May exercise vested options for a period of 90 days	7/15/2023
01/26/17 NQ \$13.81 2014 AR IP	1/26/2017	\$13.81	20,000	7,790	12,210	May exercise vested options for a period of 90 days	1/26/2024

2. **Restricted Shares.**

(a) **Lapsing of Forfeiture Restrictions.** Consultant was awarded 40,000 shares of restricted stock on September 27, 2017 (“**Restricted Shares**”). The forfeiture restrictions set forth in the award agreement for the Restricted Shares lapse as to one-third (1/3rd) of the Restricted Shares each anniversary of the award date over three years. The forfeiture restrictions will continue to lapse in accordance with their normal lapse schedule set forth in the restricted stock award agreement for the Restricted Shares during the Consulting Term, such that, provided this Agreement has not been terminated by either party in accordance with Section 1.2 prior to September 27, 2018, the forfeiture restrictions on the first one-third (1/3rd) of the Restricted Shares (13,333 shares) shall lapse as of September 27, 2018, and all other Restricted Shares shall terminate and be cancelled as of the end of the Consulting Term, absent any acceleration of the lapsing of the forfeiture restrictions as provided in clause (b) below prior to the end of the Consulting Term. In no event shall the forfeiture restrictions for any Restricted Shares lapse after the end of the Consulting Term, and all Restricted Shares that remain subject to forfeiture restrictions as of the end of the Consulting Term shall be terminated and cancelled as of the end of the Consulting Term.

(b) ***Acceleration of Lapsing***. Notwithstanding any provisions in the Restricted Shares award agreement to the contrary, the lapsing of the forfeiture restrictions for the Restricted Shares shall not be accelerated if any acceleration event provided for in the Restricted Shares award agreement occurs during the Consulting Term; ***provided, however***, that if the acceleration event is a change in control (as defined for purposes of the Restricted Shares award agreement) of the Company, then the lapsing of the forfeiture restrictions shall be accelerated for any Restricted Shares that are at the time still subject to forfeiture restrictions to the extent and as provided in the Restricted Shares award agreement.

(c) ***Amendment to Restricted Shares Award Agreement***. The applicable provisions of the Restricted Shares award agreement are hereby amended to implement the forfeiture restrictions lapsing continuation set forth in clause (a) of this paragraph 2 and the limited acceleration of the forfeiture lapsing provisions set forth in clause (b) of this paragraph 2.

Consultant acknowledges that Consultant shall continue to be governed by and subject to the Company's Securities Trading Policy during the Consulting Term.

Company Equipment and Use and Access to Company Systems

During the Term, the Company, in its discretion, may make available to Consultant a Company-standard laptop computer for use in providing the Consulting Services, and the availability and use of the Company laptop computer is not a condition or requirement for Consultant's performance of the Consulting Services. All such Company equipment shall be returned to the Company at the end of the Consulting Term or at any time prior to the end of the Consulting Term upon request by the Company. Consultant agrees that Consultant will comply with all Company policies and procedures regarding the use of Company equipment and systems as if Consultant were employed by the Company.

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (“**Agreement**”) is entered into effective as of the effective date set forth on the signature page to this Agreement (“**Effective Date**”) by and between AutoWeb, Inc., a Delaware corporation (“**Company**”), and the individual identified as the consultant on the signature page to this Agreement (“**Consultant**”).

Background

The Company is engaged in the business of providing internet marketing services for the automotive industry. Consultant was formerly employed by the Company as its EVP, Chief Financial Officer and voluntarily resigned her positions at, and employment with, the Company and its affiliated entities effective as of April 12, 2018 (“**Employment Termination Date**”) in order to take a position with another company. The Company wishes to engage Consultant to provide the transition services described herein on a consulting basis, and Consultant wishes to be engaged to provide such transition services.

In consideration of the covenants and agreements set forth herein, the parties hereto agree as follows.

ARTICLE I CONSULTING SERVICES

- 1.1 **Consulting Services.** The Company hereby engages Consultant to perform the transition services (“**Consulting Services**”) set forth on the Consulting Services Schedule attached hereto as Exhibit A (“**Consulting Services Schedule**”), and Consultant hereby accepts the engagement, upon the terms and conditions hereinafter set forth. The parties acknowledge that in deciding to engage Consultant, the Company has relied solely on the experience, expertise and reputation of Consultant. All Consulting Services are to be provided solely by the Consultant and no other employees of or contractors for Consultant.
- 1.2 **Term.** The engagement of Consultant hereunder shall commence effective as of the Effective Date and shall continue until and including April 11, 2019 (“**Agreement Expiration Date**”). This Agreement may be terminated prior to the Agreement Expiration Date (i) by Consultant for any reason, with or without cause, upon thirty (30) days prior written notice to Company; or (ii) by either party by reason of a material breach of this Agreement by the other party upon thirty (30) days prior written notice detailing the breach by the breaching party and breaching party fails to cure such breach within thirty (30) days following such written notice. The period commencing with the Effective Date and ending on the earlier of (i) the Agreement Expiration Date and (ii) the effective date of any termination of this Agreement by a party prior to the Agreement Expiration Date in accordance with the provisions of this Section 1.2 is referred to herein as the “**Consulting Term**.” The provisions of Sections 1.5, Articles III and IV shall survive any termination of this Agreement.
- 1.3 **Standards of Care and Conduct.** In the performance of the Consulting Services under this Agreement, Consultant shall adhere to those fiduciary standards, ethical practices and standards of care and competence which are customary for professionals rendering consulting and advisory services of the type provided for in this Agreement. In performing the Consulting Services, Consultant shall comply with (i) all applicable laws, rules, regulations and order; (ii) reasonable instructions and directions from the Company; and (iii) the Company’s Code of Conduct and other similar policies. Consultant shall avoid engaging in any consulting, employment or other business arrangements with third parties that may constitute or give rise to a conflict of interest with respect to the Company’s engagement of Consultant or in the provision of the Consulting Services. Consultant represents and warrants to the Company that Consultant currently does not have any such arrangements that constitute or may give rise to a conflict of interest, and Consultant shall disclose to Company any proposed arrangements that constitute or may give rise to a conflict of interest conflicts of interest prior to entering into any such arrangement. The Company may at its discretion (i) request Consultant to terminate any arrangement that the Company believes does or may constitute a conflict of interest for Consultant in connection with Consultant’s engagement by the Company or in the performance of the Consulting Services; or (ii) if Consultant does not terminate such arrangement, terminate this Agreement. Consultant represents and warrants that Consultant’s entering into this Agreement and performing the Consulting Services will not conflict with or constitute a breach of any other agreements or obligations Consultant has with or to any third party.
- 1.4 **Independent Contractor.**
- (a) Consultant will perform all Consulting Services as an independent contractor and not as an employee of the Company. Consultant acknowledges and agrees that Consultant is a self-employed independent contractor and that nothing in this Agreement shall be considered to create an employer-employee relationship between the Company and Consultant. Consultant is not eligible to receive and will not receive or participate in any compensation or employee benefit plans or arrangements of any type in which employees of the Company may participate, including but not limited to, any (i) retirement, pension, savings, profit-sharing or other similar plans or arrangements; (ii) any stock option, stock purchase or other equity participation plans or arrangements; (iii) any long-term or short-term bonus or other compensation plans or arrangements; (iv) sick pay, paid non-working holidays, or paid vacations or leave days; (v) overtime; (vi) any life, accident, disability, health or dental insurance or reimbursement plans or arrangements; and (vii) workers’ compensation. If Consultant is found, by a court of competent jurisdiction to be an “employee” of the Company, notwithstanding the foregoing, and to the extent permitted by applicable law, rule, regulation or order, Consultant voluntarily waives any and all rights, if any, to all such compensation or benefits.
- (b) As an independent contractor, Consultant is solely responsible for the payment of any and all self-employment taxes and/or assessments imposed on account of the payment of compensation to, or the performance of the Consulting Services by, Consultant pursuant to this Agreement, including, without limitation, any state, federal or foreign unemployment insurance tax, income tax, Social Security (FICA) payments, and disability insurance taxes. The Company shall not, by reason of Consultant's status as an independent contractor and the representations contained herein, make any withholdings or payments of said taxes or assessments with respect to compensation paid Consultant hereunder; provided, however, that if required by law or any governmental agency, the Company shall withhold any such taxes or assessments from the compensation due Consultant, and any such withholding shall be for Consultant's account and shall not be reimbursed by the Company to Consultant. Consultant expressly agrees to treat any compensation earned under this Agreement as self-employment income for federal and state tax purposes, and to make all payments of federal and state income taxes, unemployment insurance taxes, and disability insurance taxes as, when, and to the extent the same may become due and payable with respect to such self-employment compensation earned under this Agreement.

- (c) Consultant is not an agent of the Company. Unless otherwise directed by the Company in writing, Consultant is not authorized to (i) waive any right or to incur, assume, or create any debt, obligation, contract, or release of any kind whatsoever in the name or on behalf of the Company or any affiliated entity nor (ii) to hold Consultant out as an employee or agent of the Company or any affiliated entity or to make any statement or representation that Consultant has any such authority.
- (d) Consultant shall maintain adequate general liability, errors and omissions and other insurance covering Consultant as required by applicable law, rule or regulation (e.g., workers' compensation).
- (e) Consultant represents and warrants to the Company that Consultant is authorized to provide the Consulting Services under applicable laws, rules and regulations.
- (f) Consultant shall comply with all applicable laws, rules and regulations in the performance of the Consulting Services, and on request, Consultant shall furnish the Company with appropriate assurances or certificates of compliance.
- (e) Consultant shall retain the right to determine the method, details and means of performing the Consulting Services.

1.5 **Indemnification.**

- (a) Each party to this Agreement will defend, indemnify and hold harmless the other party and each of its parent company, affiliate companies, officers, directors, employees and agents against and in respect of any loss, debt, liability, damage, obligation, claim, demand, fines, penalties, forfeitures, judgment, or settlement of any nature or kind, known or unknown, liquidated or unliquidated, including without limitation all reasonable costs and expenses incurred (legal, accounting or otherwise) (collectively, "**Damages**") arising out of, resulting from or based upon any claim, action or proceeding by any third party, including any governmental or regulatory body, alleging facts or circumstances constituting a breach of the obligations, representations or warranties of the indemnifying party set forth in this Agreement.
- (b) If a party entitled to indemnification under this Section 1.5 (an "**Indemnified Party**") makes an indemnification request to the other party, the Indemnified Party shall permit the other party (the "**Indemnifying Party**") to control the defense and disposition or settlement of the matter at its own expense; provided, however, that the Indemnifying Party may not enter into any settlement thereof with the Indemnified Party's prior written consent (not to be unreasonably withheld or delayed) unless the Indemnified Party is fully and unconditionally released from such claims without any admission of liability and the Indemnified Party is not subject to any injunctive or other equitable relief or other obligations. The Indemnified Party shall be permitted to participate in such defense and represent itself at its own expense with counsel of its own choosing. The Indemnified Party shall notify the Indemnifying Party promptly of any claim for which Indemnifying Party is responsible and shall cooperate with the Indemnifying Party in every commercially reasonable way to facilitate defense of any such claim; provided that the Indemnified Party's failure to notify Indemnifying Party shall not diminish Indemnifying Party's obligations under this Section 1.5 except to the extent that Indemnifying Party is materially prejudiced as a result of such failure.

**ARTICLE II
CONSULTING CONSIDERATION AND EXPENSES**

- 2.1 **Consulting Consideration.** In consideration for the performance of the Consulting Services, Consultant shall receive the consideration set forth on the Consulting Services Schedule (“**Consulting Consideration**”).
- 2.2 **Expenses.** Except as may otherwise be set forth on the Consulting Services Schedule, (i) the Consulting Consideration includes any and all costs, fees and expenses which may be incurred by Consultant in its performance of the Consulting Services; and (ii) Consultant shall not be reimbursed for any costs or expenses unless authorized by the Company in writing in advance of Consultant incurring the costs, fees or expenses. As to expenses for which the Company will reimburse Consultant as set forth on the Consulting Services Schedule, the Company shall pay or reimburse Consultant for all reasonable and authorized business expenses incurred by Consultant while engaged under this Agreement so long as said expenses have been incurred for and promote the business of the Company and are normally and customarily incurred by consultants performing similar consulting services in the same or similar market. As a condition to reimbursement under this Section 2.2, Consultant shall furnish to the Company adequate records and other documentary evidence required by federal and state statutes and regulations for the substantiation of each expenditure. Consultant must submit proper documentation for each such expense within thirty (30) days after the date that Consultant incurs such expense, and the Company will reimburse Consultant for all eligible expenses within thirty (30) days thereafter. Consultant acknowledges and agrees that failure to furnish the required documentation may result in the Company denying all or part of the expense for which reimbursement is sought.
- 2.3 **Payments.** Payment of approved costs and expenses shall be made on a monthly basis in accordance with the Company’s customary accounts payable practice.
- 2.4 **Reporting.** Concurrently with the execution and delivery of this Agreement, the Consultant has provided Company with a completed IRS Form W-9 for Consultant. The Company will provide Consultant with an IRS Form 1099 each year reflecting the payments made to Consultant under this Agreement.

**ARTICLE III
CONFIDENTIALITY AND PROPRIETARY RIGHTS**

3.1 Confidential Information.

- (a) Consultant acknowledges and agrees that the Company has developed and uses and will develop and use Confidential Information and that Consultant will have access to and will participate in the creation or development of Confidential Information in the performance of the Consulting Services. All Confidential Information shall be and remain the sole property of the Company notwithstanding that Consultant may participate in the creation or development of the Confidential Information. For purposes of this Agreement, the term “**Confidential Information**” shall mean all Company business methods, techniques, plans, and know-how; budgets, financing and accounting techniques and projections; advertising, proposals, applications, marketing materials and concepts; customer files and other non-public information regarding customers; methods for developing and maintaining business relationships with customers, suppliers, vendors, and partners; customer and prospect lists; procedure manuals; employees and personnel information.
- (b) Consultant shall maintain the confidentiality of the Confidential Information and shall not (i) disclose to any other person or entity Confidential Information in any manner or for any purpose; or (ii) use Confidential Information in any manner or for any purpose which is directly or indirectly in competition with or injurious or adverse to the Company.
- (c) Upon termination of this Agreement for any reason, Consultant will promptly surrender to the Company all copies of Confidential Information in Consultant's possession or under Consultant's control, whether any such Confidential Information was prepared by Consultant or by others.
- (d) The obligations of Consultant under this Section 3.1 shall continue during the term of this Agreement and for a period of three (3) years after termination of this Agreement; provided that in the case of Confidential Information constituting trades secrets, the obligations shall continue for as long as such Confidential Information remains trade secrets.

3.2 Ownership of Intellectual Property.

- (a) (i) All Intellectual Property, whether or not patentable or copyrightable, made, conceived, written, developed or first reduced to practice by Consultant, whether solely or jointly with others, during the period of Consultant's engagement by the Company under this Agreement or prior to the Effective Date and which result from the performance of the Consulting Services or similar services performed for the Company or any predecessor company or business, shall be the sole and exclusive property of the Company. To the extent Consultant may retain any interest in any such Intellectual Property by operation of law or otherwise, Consultant hereby irrevocably assigns and transfers to the Company all of Consultant's entire right, title and interest in and to all such Intellectual Property. All copyrights and copyrightable material shall be deemed works for hire, and the Company shall have all right, title and interest in such material, including all moral rights, and shall be the author thereof for all purposes under applicable copyright laws. For purposes of this Agreement, the term “**Intellectual Property**” shall mean all inventions, improvements, discoveries, ideas, designs, software, trademarks, trade names, copyrights and copyrightable subject matter, patents, know-how, mask works, programs, documents, data, trade secrets and Confidential Information.

- (ii) Without limiting the generality of the forgoing provisions of this Section 3.2(a), all articles, documents, reports, manuals, programs, software or computer programs and components thereof, and any other deliverables or work products arising from or related to the Consulting Services or similar services or similar services performed for the Company or any predecessor company or business prior to the Effective Date (“**Materials**”) developed or authored by Consultant for the Company under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date, are to be considered Works Made for Hire as that term is defined in Section 101 of the Copyright Act (17 U.S.C. §101) and are and shall be the sole and exclusive property of the Company. Consultant agrees that any and all proprietary rights to the Materials developed hereunder or prior to the Effective Date, including, but not limited to, patent, copyright, trademark and trade secret rights, to the extent they are available, are the sole and exclusive property of the Company, free from any claim or retention of rights thereto on the part of Consultant or any employee or agent of Consultant, as of the Effective Date of this Agreement.
- (b) To the extent that any Materials or Intellectual Property developed, authored, created or produced under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date may not be considered Works Made for Hire, or to the extent that Section 3.2(a)(i) or Section 3.2(a)(ii), is declared invalid either in substance or purpose, in whole or in part, Consultant hereby assigns and agrees to irrevocably assign, transfer, grant, convey and relinquish exclusively to the Company, any and all of Consultant’s right, title and interest, including ownership of copyright and/or patent rights to any material developed by Consultant under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date without consideration beyond the mutual promises set forth in this Agreement and the payment of fees as provided for by this Agreement. All right, title and interest of every kind and nature, whether now known or unknown, in and to the copyrights, patents, ideas and creations created, written and developed by either Consultant or the Company in the course of providing the Consulting Services under and pursuant to this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date, shall be the exclusive property of the Company for any and all purposes and uses, and Consultant shall have no right, title or interest of any kind or nature in or to such material. As part of this Agreement, Consultant agrees to do all things necessary to protect this assignment, including but not limited to, executing an assignment of Consultant’s copyright and/or patent interests in the Material and Intellectual Property created, authored and/or developed pursuant to this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date.
- (c) Consultant represents and warrants that all Materials and Intellectual Property produced under this Agreement or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date were and shall be of original authorship by Consultant or that Consultant has the legal right to convey the entire right, title and interest in such Materials and Intellectual Property as is contemplated by this Agreement. Consultant further represents and warrants no other person, firm, corporation or entity has any rights or interest in the Materials and Intellectual Property Consultant submits or has submitted to the Company or under the provision of similar services performed for the Company or any predecessor company or business prior to the Effective Date. Consultant further warrants that its execution and performance of this Agreement, including, but not limited to, the tangible or intangible products produced as a result of it, shall not infringe upon or violate any patent, copyright, trade secret or other proprietary right of any third party and shall not constitute a defamation or invasion of the right of privacy or publicity.

- (d) Consultant hereby appoints the Company, for the period of Consultant's engagement by the Company, and for five years thereafter, as Consultant's attorney-in-fact for the purpose of executing, in Consultant's name and on Consultant's behalf, such instruments or other documents as may be necessary to transfer, confirm and perfect in the Company the rights Consultant has granted to the Company pursuant to this Section 3.2.
- (e) Consultant will assist the Company to obtain for its own benefit patents, copyrights and/or trademarks thereon in any and all jurisdictions as may be designated by the Company, and Consultant will execute when requested, patent, trademark and/or copyright applications and assignments thereof to the Company or persons designated by the Company, and any other lawful documents deemed necessary by the Company to carry out the purposes of this Agreement. Consultant will further assist the Company in every way to enforce any patents, copyrights, trade secrets, and other intellectual property rights of the Company, including, without limitation, testifying in any suit or proceeding involving any of the Intellectual Property or executing any documents deemed necessary by the Company, all without further consideration, but at the expense of the Company.
- (f) The obligations and undertakings stated in this Section 3.2 shall continue beyond the termination of Consultant's engagement by the Company, but if Consultant is called upon to render such assistance after the termination of Consultant's engagement, then Consultant shall be entitled to a reasonable per diem fee in addition to reimbursement of any out-of-pocket expenses incurred at the request of the Company.
- 3.3 **Prohibition on Interference with Relationships.** During the term of this Agreement and for a period of one (1) year thereafter, Consultant shall not, directly or indirectly, without the Company's prior written consent, solicit any person or entity having contractual or other business relationships with the Company, including without limitation, any customer or client, lessee, supplier, business partner or independent contractor, for the purpose of having such person or entity terminate or modify such person's or entity's contractual and/or business relationship with the Company, nor shall Consultant interfere with any of such contractual or business relationships.
- 3.4 **Prohibition on Solicitation of Company Employees.** During the term of this Agreement and for a one (1)-year period following termination or expiration of this Agreement, Consultant will not directly or indirectly, without the Company's prior written consent, (i) solicit or recruit any of the Company's employees to leave the employ of the Company; or (ii) hire as an employee or engage as an independent contractor, any employee of the Company.
- 3.5 **Covenants Reasonable.** The parties hereto agree that the nature and duration of the covenants set forth in this Article III are reasonable under the circumstances. In the event any court or arbitrator determines that the nature of any covenant or the duration of any covenant, or both, are unreasonable and to that extent is unenforceable, the parties agree that such covenant shall remain in full force and effect to the greatest extent and duration as would not render the covenant unenforceable.

- 3.6 **Cooperation and Assistance.** Consultant agrees to reasonably assist and cooperate (including, but not limited to, providing information to the Company and/or testifying in a proceeding) in the investigation and handling of any internal investigation, legislative matter, or actual or threatened court action, arbitration, administrative proceeding, or other claim involving any matter that arose during Consultant's period of employment by the Company or during the Term of this Agreement. Consultant's agreement to assist and cooperate shall not affect in any way the content of information or testimony provided by Consultant.
- 3.7 **Right to Injunctive and Equitable Relief.** Consultant's obligations under this Article III are of a special and unique character which gives them a special value to the Company. The Company cannot be reasonably or adequately compensated in damages in an action at law in the event Consultant breaches such obligations. Therefore, Consultant expressly agrees that the Company shall be entitled to injunctive and other equitable relief in the event of such breach in addition to any other rights or remedies which the Company may possess at law or in equity. The obligations of Consultant and the rights and remedies of the Company under this Article III are cumulative and in addition to, and not in lieu of, any obligations, rights or remedies created by applicable law, including without limitation, applicable copyright and patent laws and laws relating to misappropriation or theft of trade secrets or confidential information.

ARTICLE IV GENERAL PROVISIONS

- 4.1 **Notices.** Any notice required or permitted under this Agreement will be considered to be effective in the case of (i) certified mail, when sent postage prepaid and addressed to the party for whom it is intended at its address of record, three (3) days after deposit in the mail; (ii) by courier or messenger service, upon receipt by recipient as indicated on the courier's receipt; or (iii) upon receipt of an Electronic Transmission by the party that is the intended recipient of the Electronic Transmission. The record addresses, facsimile numbers of record, and electronic mail addresses of record for the parties are set forth below, for the Company, or on the Consulting Services Schedule, for Consultant and may be changed from time to time by notice from the changing party to the other party pursuant to the provisions of this Section 4.1.

If to the Company:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, California 92612-1400
Attention: Legal Department
Facsimile No.: 949.862.1323

If to Consultant: As set forth on the Consulting Services Schedule

For purposes of this Section 4.1, "**Electronic Transmission**" means a communication (i) delivered by facsimile, telecommunication or electronic mail when directed to the facsimile number of record or electronic mail address of record, respectively, which the intended recipient has provided to the other party for sending notices pursuant to this Agreement and (ii) that creates a record of delivery and receipt that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

- 4.2 **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations between the parties with respect to the subject matter hereof. Notwithstanding the foregoing, this Agreement is not intended by the parties to supersede, and does not supersede, any prior or contemporaneous agreements or understandings entered into by the parties in connection Consultant's prior employment with the Company or the termination of such employment, including without limitation that certain Employee Confidentiality Agreement dated as of April 26, 2010 between Company and Consultant, that certain Mutual Agreement To Arbitrate dated April 26, 2010 between Company and Consultant and that certain Confidential Separation and Release Agreement dated as of the Effective Date between Company and Consultant, all of which agreements remain in full force and effect in accordance with their terms.
- 4.3 **Modifications, Amendments, Waivers and Extensions.** This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived or extensions of time for performance granted, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. No waiver of any default or breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding default or breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.
- 4.4 **Governing Law.** This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.
- 4.5 **Partial Invalidity.** Any provision of this Agreement which is found to be invalid or unenforceable by any court in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability, and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions hereof.
- 4.6 **Dispute Resolution, Forum.**
- (a) The parties consent to and agree that any dispute or claim arising hereunder shall be submitted to binding arbitration in Orange County, California, and conducted in accordance with the Judicial Arbitration and Mediation Service ("JAMS") rules of practice then in effect or such other procedures as the parties may agree in writing, and the parties expressly waive any right they may otherwise have to cause any such action or proceeding to be brought or tried elsewhere. The parties hereunder further agree that (i) any request for arbitration shall be made in writing and must be made within a reasonable time after the claim, dispute or other matter in question has arisen; provided however, that in no event shall the demand for arbitration be made after the date that institution of legal or equitable proceedings based on such claim, dispute or other matter would be barred by the applicable statute(s) of limitations; (ii) the appointed arbitrator must be a former or retired judge or attorney at law with at least ten (10) years experience in commercial matters; (iii) costs and fees of the arbitrator shall be borne by both parties equally, unless the arbitrator or arbitrators determine otherwise; (iv) depositions may be taken and other discovery may be obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings; and (v) the award or decision of the arbitrator, which may include equitable relief, shall be final and judgment may be entered on such award in accordance with applicable law in any court having jurisdiction over the matter.

- (b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
- (c) The parties acknowledge and agree that money damages may not be a sufficient remedy for a breach of certain provisions of this Agreement, including but not limited to, Article III, and accordingly, a non-breaching party may be entitled to specific performance and injunctive relief as remedies for such violation. Accordingly, notwithstanding the other provisions of this Section 4.6, the parties agree that a non-breaching party may seek relief in a court of competent jurisdiction for the purposes of seeking equitable relief hereunder, and that such remedies shall not be deemed to be exclusive remedies for a violation of the terms of this Agreement but shall be in addition to all other remedies available to the non-breaching party at law or in equity.
- (d) In any action, arbitration or other proceeding by which one party either seeks to enforce its rights under this Agreement or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, and subject to Section 4.6(a), reasonable costs and expenses incurred to resolve such dispute and to enforce any final judgment.
- (e) No remedy conferred on either party by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of one or more remedies by a party will not constitute a waiver of the right to pursue other available remedies.
- 4.7 **Interpretation.** Titles and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement. No provision of this Agreement shall be construed in favor of or against any party by reason of the extent to which the party or the party's counsel participated in the drafting hereof.
- 4.8 **Assignment.** This Agreement and the rights, duties, and obligations hereunder may not be assigned or delegated by any party without the prior written consent of the other party. Any assignment or delegation of rights, duties, or obligations hereunder made without the prior written consent of the other party shall be void and be of no effect. Notwithstanding the foregoing provisions of this Section 4.8, the Company may assign or delegate its rights, duties and obligations hereunder to any person or entity controlling, controlled by, or under common control with the Company or any person or entity which acquires substantially all of the business or assets of the Company.

4.9 **Successors and Assigns.** This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their respective permitted successors and assigns.

4.10 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. Signatures on this Agreement may be communicated by facsimile or PDF transmission and shall be binding upon the parties transmitting the same.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first written above.

Effective Date: June 9, 2018

Company

AutoWeb, Inc.

By: /s/ Glenn E. Fuller

Glenn E. Fuller
EVP, Chief Legal and Administrative
Officer and Secretary

“Consultant”

By: /s/ Kimberly Boren

Kimberly Boren

Exhibit A
Consulting Services Schedule

Consultant Name: Kimberly Boren

Consultant Contact Information for Notice Purposes: Kimberly Boren
[Personal Residence Information Redacted]

Consulting Services: Consultant will make herself available on an as-needed basis (subject to reasonable notice and at reasonable times not interfering with Consultant's employment with her new employer), to provide, and will provide, transition support services for the Company's accounting, banking, financial, governmental reporting, finance, strategic transactions modeling and investor relation functions.

Consulting Time: The Company and Consultant shall agree in advance upon the number of hours to be spent by Consultant in the performance of the Consulting Services, which agreement may be in the form of a "not to exceed" number of hours during weekly or monthly periods or hours specified for individual projects. In no event shall Consultant exceed the agreed upon hours without Company's prior written approval.

The Company and Consultant shall agree in advance upon the number of hours to be spent by Consultant in the performance of the Consulting Services, which agreement may be in the form of a "not to exceed" number of hours during weekly or monthly periods or hours specified for individual projects. In no event shall Consultant be required or permitted to perform services under this Agreement at a level during any monthly period that is greater than twenty percent (20%) of the average level of service that Consultant performed for the Company during the 36-month period immediately preceding the Termination Date. The parties acknowledge that during the 36-month period immediately preceding the Termination Date, Consultant worked an average of approximately 50 hours per week for the Company.

Consulting Consideration: As consideration for the performance of the commitments and obligations made by Consultant in this Agreement, the Company and Consultant agree as follows:

1. **Stock Options.**

(a) **Vesting.** Any of the stock options to purchase common stock of the Company listed below that were awarded to Consultant during Consultant's employment by the Company ("**Employment Stock Options**") will continue to vest in accordance with their normal vesting schedules set forth in the applicable stock option award agreements during the period commencing on the Employment Termination Date and ending as of the end of the Consulting Term. Any Employment Stock Options that remain unvested at the end of the Consulting Term shall terminate and be cancelled at that time, and in no event shall any Employment Stock Options vest if such Employment Stock Options would have vested after the end of the Consulting Term. Notwithstanding any provisions in the applicable stock option award agreements for the Employment Stock Options to the contrary, the vesting of Employment Stock Options shall not be accelerated if any acceleration event provided for in the applicable stock option award agreements occurs during the Consulting Term; **provided, however,** that if the acceleration event is a change in control (as defined for purposes of the stock option award agreements) of the Company, then the vesting of any unvested Employment Stock Options shall be accelerated to the extent and as provided in the applicable stock option award agreements. In no event shall any Employee Stock Options vest (whether in accordance with their normal vesting schedule or by reason of the limited acceleration of vesting set forth above) after the original expiration dates of the Employee Stock Options set forth in the applicable stock option award agreements for the Employment Stock Options.

(b) **Post-Termination of Employment Exercise Periods.** Any post-employment termination exercise periods for Employment Stock Options that are vested as of the end of the Consulting Term shall be tolled during the Consulting Term and shall not commence running until the end of the Consulting Term; **provided, however,** that in no event will the post-termination exercise periods extend beyond the original expiration dates of the Employee Stock Options set forth in the applicable stock option award agreements for such Employee Stock Options.

(c) **Amendments to Award Agreements.** The applicable provisions of the stock option award agreements for the Employee Stock Options are hereby amended to implement the vesting continuation and limited vesting acceleration set forth in clause (a) of this paragraph 1 and the tolling of the post-termination exercise periods set forth in clause (b) of this paragraph 1.

Plan Name	Grant Date	Grant Price	Original Options Granted	Options Vested as of Employment Termination Date	Options Unvested as of Employment Termination Date	Original Post-Termination of Employment Exercise Window	Original Expiration Date
12/7/11 NQ \$0.76 10IP	12/7/2011	\$3.80	10,000	10,000 Covered under Rule 10b5-1 Plan	0	May exercise vested options for a period of 90 days	12/7/2018
04/26/2010 NQ \$0.79 06IP	4/26/2010	\$3.95	5,000	5,000	0	May exercise vested options for a period of 90 days	4/23/2020
1/10/12 NQ \$0.78 10IP Performance	1/10/2012	\$3.90	12,340	12,340	0	May exercise vested options for a period of 90 days	1/10/2019
1/24/13 NQ \$4.00 10IP Performance	1/24/2013	\$4.00	6,875	6,875	0	May exercise vested options for a period of 90 days	1/24/2020
3/17/14 NQ \$14.32 10IP	3/17/2014	\$14.32	7,400	7,400	0	May exercise vested options for a period of 90 days	3/17/2021
1/21/15 NQ \$9.10 2014IP	1/21/2015	\$9.10	20,000	20,000	0	May exercise vested options for a period of 90 days	1/21/2022
1/23/15 NQ \$10.20 2014IP	1/23/2015	\$10.20	15,000	15,000	0	May exercise vested options for a period of 90 days	1/23/2022
5/18/15 NQ \$13.22 2014IP	5/18/2015	\$13.22	6,000	5,668	332	May exercise vested options for a period of 90 days	5/18/2022
7/15/16 NQ \$14.41 2014 AR IP	7/15/2016	\$14.41	30,000	16,672	13,328	May exercise vested options for a period of 90 days	7/15/2023
01/26/17 NQ \$13.81 2014 AR IP	1/26/2017	\$13.81	20,000	7,790	12,210	May exercise vested options for a period of 90 days	1/26/2024

2. **Restricted Shares.**

(a) **Lapsing of Forfeiture Restrictions.** Consultant was awarded 40,000 shares of restricted stock on September 27, 2017 (“**Restricted Shares**”). The forfeiture restrictions set forth in the award agreement for the Restricted Shares lapse as to one-third (1/3rd) of the Restricted Shares each anniversary of the award date over three years. The forfeiture restrictions will continue to lapse in accordance with their normal lapse schedule set forth in the restricted stock award agreement for the Restricted Shares during the Consulting Term, such that, provided this Agreement has not been terminated by either party in accordance with Section 1.2 prior to September 27, 2018, the forfeiture restrictions on the first one-third (1/3rd) of the Restricted Shares (13,333 shares) shall lapse as of September 27, 2018, and all other Restricted Shares shall terminate and be cancelled as of the end of the Consulting Term, absent any acceleration of the lapsing of the forfeiture restrictions as provided in clause (b) below prior to the end of the Consulting Term. In no event shall the forfeiture restrictions for any Restricted Shares lapse after the end of the Consulting Term, and all Restricted Shares that remain subject to forfeiture restrictions as of the end of the Consulting Term shall be terminated and cancelled as of the end of the Consulting Term.

(b) **Acceleration of Lapsing.** Notwithstanding any provisions in the Restricted Shares award agreement to the contrary, the lapsing of the forfeiture restrictions for the Restricted Shares shall not be accelerated if any acceleration event provided for in the Restricted Shares award agreement occurs during the Consulting Term; **provided, however,** that if the acceleration event is a change in control (as defined for purposes of the Restricted Shares award agreement) of the Company, then the lapsing of the forfeiture restrictions shall be accelerated for any Restricted Shares that are at the time still subject to forfeiture restrictions to the extent and as provided in the Restricted Shares award agreement.

(c) **Amendment to Restricted Shares Award Agreement.** The applicable provisions of the Restricted Shares award agreement are hereby amended to implement the forfeiture restrictions lapsing continuation set forth in clause (a) of this paragraph 2 and the limited acceleration of the forfeiture lapsing provisions set forth in clause (b) of this paragraph 2.

Consultant acknowledges that Consultant shall continue to be governed by and subject to the Company's Securities Trading Policy during the Consulting Term.

Company Equipment and Use and Access to Company Systems

During the Term, the Company, in its discretion, may make available to Consultant a Company-standard laptop computer for use in providing the Consulting Services, and the availability and use of the Company laptop computer is not a condition or requirement for Consultant's performance of the Consulting Services. All such Company equipment shall be returned to the Company at the end of the Consulting Term or at any time prior to the end of the Consulting Terms upon request by the Company. Consultant agrees that Consultant will comply with all Company policies and procedures regarding the use of Company equipment and systems as if Consultant were employed by the Company.

AUTOWEB, INC.
2018 EQUITY INCENTIVE PLAN

**Non-Employee Director Stock Option Award Agreement
(Non-Qualified Stock Option)**

This Non-Employee Director Stock Option Award Agreement (“**Agreement**”) is entered into effective as of the Grant Date set forth on the signature page to this Agreement (“**Grant Date**”), by and between AutoWeb, Inc., a Delaware corporation (“**Company**”), and the member of Company’s Board set forth as Participant on the signature page hereto (“**Participant**”).

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. 2018 Equity Incentive Plan (“**Plan**”). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options (“**Options**”) to purchase the number of shares of common stock of Company, par value \$0.001 per share, set forth on the signature page to this Agreement (“**Shares**”), at the exercise price per Share set forth on the signature page to this Agreement (“**Exercise Price**”). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7th) anniversary of the Grant Date (“**Option Expiration Date**”).

3. Vesting. The Options shall vest in twelve monthly installments of one-twelfth (1/12) each on the [Day] day of each month commencing [One Month After Grant Date].

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company’s third-party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii), or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant’s wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant’s minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Service as a Director.

(i) Termination of Service as a Director Other Than Due to Death, Disability or Cause. Participant may exercise the vested portion of the Options for a period of twelve (12) months (but in no event later than the Option Expiration Date) following any termination of Participant’s service as a Director of Company (including termination of service by reason of Participant’s resignation, failure to be re-elected or failure to be nominated for re-election), other than in the event of a termination of Participant’s service as a Director due to Removal for Cause (as defined below) or by reason of Participant’s death or Disability (as defined below). In the event the termination of Participant’s service as a Director or the Company is due to resignation, failure to be re-elected, failure to be nominated for re-election, or without Removal for Cause, any unvested portion of the Options shall immediately become fully vested as of the date of such termination of service. To the extent Participant is not entitled to exercise the Options at the date of termination of service as a Director, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of service exercises of the Options, the Options shall terminate.

(ii) Termination of Service Due to Removal for Cause. Upon the termination of Participant's service as a Director due to Removal for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of Removal for Cause, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant's termination of service due to Removal for Cause, provided that in no event may Participant exercise the Options after the Option Expiration Date. For purposes of this Agreement, "**Removal for Cause**" shall mean a removal of Participant as a member of the Board by Company's stockholders pursuant to applicable corporate laws governing the removal of Directors.

(iii) Termination of Participant's Service as a Director By Reason of Participant's Death. In the event Participant's service as a Director is terminated by reason of Participant's death, unless the Options have earlier terminated, any unvested portion of the Options shall become immediately and fully vested as of the date of termination. Vested Options may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant's executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant's Service as a Director By Reason of Participant's Disability. In the event that Participant ceases to be a Director by reason of Participant's Disability, unless the Options have earlier terminated, any unvested portion of the Options shall become immediately and fully vested as of the date of termination. Participant (or Participant's attorney in fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of service as a Director (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of service. For purposes of this Agreement, "**Disability**" shall mean Participant's becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 10 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 10.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant's service as a Director of the Company is terminated for any reason other than by reason of removal for Cause, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of service (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 10.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then a member of the Company's Board and (2) terminate on the date of the Change in Control. For purposes of Section 10.2 (a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 10.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 10.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

Termination of Participant's Service as a Director By Reason of Participant's Death.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of service on the Board, the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options during the post-termination of service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto, including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company's determination constitute such a violation; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's service as a Director of Company for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; or (ii) activities during the course of Participant's service as a Director with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's service as a Director of Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's service as a Director of Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's service as a Director of Company or any Subsidiary.

(f) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(g) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant may by writing to the other party designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not a Service Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as a Director or on Company's part to continue Participant's service as a Director.

(h) Counterparts. This Agreement may be executed in multiple counterparts each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of Company following a public offering of Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date: _____

Total Options Awarded: _____

Exercise Price Per Share: _____

“Company”

AutoWeb, Inc., a Delaware corporation

By: _____
[Company Representative]
[Title]

“Participant”

By: _____
[Participant’s Name]
[Title]

AUTOWEB, INC.
2018 EQUITY INCENTIVE PLAN
Employee Stock Option Award Agreement
(Non-Qualified Stock Option)
(Executive)

This Employee Stock Option Award Agreement (“**Agreement**”) is entered into effective as of the Grant Date set forth on the signature page to this Agreement (“**Grant Date**”), by and between AutoWeb, Inc., a Delaware corporation (“**Company**”), and the person set forth as Participant on the signature page hereto (“**Participant**”).

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. 2018 Equity Incentive Plan (“**Plan**”). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options (“**Options**”) to purchase the number of shares of common stock of Company, par value \$0.001 per share, set forth on the signature page to this Agreement (“**Shares**”), at the exercise price per Share set forth on the signature page to this Agreement (“**Exercise Price**”). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7th) anniversary of the Grant Date (“**Option Expiration Date**”).

3. Vesting. The Options shall become vested and exercisable in accordance with the vesting schedule set forth on the signature page to this agreement (“**Vesting Schedule**”).

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company’s third party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii) or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant's wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant's minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Employment.

(i) Termination of Employment Other Than Due to Death, Disability or Cause.

(1) Participant may exercise the vested portion of the Options for a period of ninety (90) days (but in no event later than the Option Expiration Date) following any termination of Participant's employment with Company, either by Participant or Company, other than in the event of a termination of Participant's employment by Company for Cause (as defined below), voluntary termination by Participant without Good Reason (as defined below) or by reason of Participant's death or Disability (as defined below). In the event the termination of Participant's employment is by Company without Cause or by Participant for Good Reason, any unvested portion of the Options shall become immediately and fully vested as of the date of such termination.

(2) In the event of a voluntary termination of employment with the Company by Participant without Good Reason, (i) unvested Options as of the date of termination shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; and (ii) Participant may exercise any portion of the Options that are vested as of the date of termination for a period of ninety (90) days (but in no event later than the Option Expiration Date) following the date of termination.

(3) For purposes of this Agreement, the terms “Cause” and “Good Reason” shall have the meanings ascribed to them in that certain Severance Benefits Agreement listed on the signature page to this Agreement by and between Company and Participant (“Severance Agreement”). To the extent Participant is not entitled to exercise the Options at the date of termination of employment, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of employment exercises of the Options, the Options shall terminate.

(ii) Termination of Employment for Cause. Upon the termination of Participant’s employment by Company for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of termination, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant’s termination of employment for Cause, provided that in no event may Participant exercise the Options beyond the Option Expiration Date.

(iii) Termination of Participant’s Employment By Reason of Participant’s Death. In the event Participant’s employment is terminated by reason of Participant’s death, the Options, to the extent vested as of the date of termination, may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant’s executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant’s Employment By Reason of Participant’s Disability. In the event that Participant ceases to be an Employee by reason of Participant’s Disability, unless the Options have earlier terminated, Participant (or Participant’s attorney-in-fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of employment (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of employment. For purposes of this Agreement, “Disability” shall mean Participant’s becoming “permanently and totally disabled” within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee’s determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 10 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 10.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant’s employment is terminated by Company or a Subsidiary (or the successor company or a subsidiary or parent thereof) without Cause or by Participant for Good Reason, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of employment (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 10.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then employed by Company or a Subsidiary and (2) terminate on the date of the Change in Control. For purposes of Section 10.2(a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 10.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 10.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of employment or service the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options, during the post-termination of service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto), including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company's determination constitute such a violation; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Other Governing Agreements or Plans. To the extent not prohibited by the Plan, the provisions of this Section 5 regarding the acceleration of vesting of Options and the extension of the exercise period for Options following a Change in Control or a termination of Participant's employment with Company shall be superseded and governed by the provisions, if any, of a written employment or severance agreement between Participant and Company or a severance plan of Company covering Participant, including a change in control severance agreement or plan, to the extent such a provision (i) is specifically applicable to option awards or grants made to Participant and (ii) provides for the acceleration of Options vesting or for a longer extension period for the exercise of the Options in the case of a Change in Control or a particular event of termination of Participant's employment with Company (e.g., an event of termination governed by Section 5(b)(i)) to this Agreement than is provided in the provision of this Section 5 applicable to a Change in Control or to the same event of employment termination; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(f) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's employment by Company or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(g) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(h) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant may by writing to the other party designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an Employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant's employment or service as an Employee.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of the Company following a public offering of the Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date: _____

Total Options Awarded: _____

Exercise Price Per Share: _____

Severance Benefits Agreement: _____

Vesting Schedule: _____

“Company”

AutoWeb, Inc., a Delaware corporation

By: _____
[Company Representative]
[Title]

“Participant”

By: _____
[Participant’s Name]
[Title]

AUTOWEB, INC.
2018 EQUITY INCENTIVE PLAN

**Employee Stock Option Award Agreement
(Non-Qualified Stock Option)
(Non-Executive)**

This Employee Stock Option Award Agreement (“**Agreement**”) is entered into effective as of the Grant Date set forth on the signature page to this Agreement (“**Grant Date**”), by and between AutoWeb, Inc., a Delaware corporation (“**Company**”), and the person set forth as Participant on the signature page hereto (“**Participant**”).

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. 2018 Equity Incentive Plan (“**Plan**”). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options (“**Options**”) to purchase the number of shares of common stock of Company, par value \$0.001 per share, set forth on the signature page to this Agreement (“**Shares**”), at the exercise price per Share set forth on the signature page to this Agreement (“**Exercise Price**”). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7th) anniversary of the Grant Date (“**Option Expiration Date**”).

3. Vesting. The Options shall become vested and exercisable in accordance with the vesting schedule set forth on the signature page to this agreement (“**Vesting Schedule**”).

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company’s third party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii) or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant's wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant's minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Employment.

(i) Termination of Employment Other Than Due to Death, Disability or Cause. Participant may exercise the vested portion of the Options for a period of ninety (90) days (but in no event later than the Option Expiration Date) following any termination of Participant's employment with Company, either by Participant or Company, other than in the event of a termination of Participant's employment by Company for Cause (as defined below) or by reason of Participant's death or Disability (as defined below). To the extent Participant is not entitled to exercise the Options at the date of termination of employment, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of employment exercises of the Options, the Options shall terminate.

(ii) Termination of Employment for Cause. Upon the termination of Participant's employment by Company for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of termination, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant's termination of employment for Cause, provided that in no event may Participant exercise the Options after the Option Expiration Date. For purposes of this Agreement, "Cause" shall mean (1) if a definition of Cause made specifically applicable to option awards held by Participant is provided in a written employment or severance agreement between Participant and Company or a severance plan of Company covering Participant (including a change in control severance agreement or plan) and any such agreement or plan is in effect at the time of the termination of employment, Cause shall be as defined in such other agreement or plan; or (2) if no such other definition of Cause is in effect at the time of termination of employment, "Cause" shall mean a determination by Company in its sole discretion, that Participant (i) has breached Participant's terms of employment with Company; (ii) has failed to comply with Company policies and procedures in a material manner; (iii) has engaged in disloyalty to Company, including, without limitation, fraud, embezzlement, theft or dishonesty in the course of Participant's employment; (iv) has disclosed trade secrets or confidential information of Company to persons not entitled to receive such information; (v) has breached any agreement between Participant and Company; (vi) has engaged in such other behavior detrimental to the interests of Company; (vii) has been convicted of, or pled guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony; (viii) has failed in any material manner to consistently discharge Participant's employment duties to the Company, which failure continues for thirty (30) days following written notice from Company detailing the area or areas of such failure, other than such failure resulting from Participant's Disability; (ix) has knowingly engaged in or aided any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (x) has engaged in misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(iii) Termination of Participant's Employment By Reason of Participant's Death. In the event Participant's employment is terminated by reason of Participant's death, the Options, to the extent vested as of the date of termination, may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant's executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant's Employment By Reason of Participant's Disability. In the event that Participant ceases to be an Employee by reason of Participant's Disability, unless the Options have earlier terminated, Participant (or Participant's attorney in fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of employment (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of employment. For purposes of this Agreement, "Disability" shall mean Participant's becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 10 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 10.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant's employment is terminated by Company or a Subsidiary (or the successor company or a subsidiary or parent thereof) without Cause, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of employment (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 10.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then employed by Company or a Subsidiary and (2) terminate on the date of the Change in Control. For purposes of Section 10.2(a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 10.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 10.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of employment or service the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options, during the post-termination of employment or service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of employment or service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto, including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company's determination constitute such a violation; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Other Governing Agreements or Plans. To the extent not prohibited by the Plan, the provisions of this Section 5 regarding the acceleration of vesting of Options and the extension of the exercise period for Options following a Change in Control or a termination of Participant's employment with Company shall be superseded and governed by the provisions, if any, of a written employment or severance agreement between Participant and Company or a severance plan of Company covering Participant, including a change in control severance agreement or plan, to the extent such a provision (i) is specifically applicable to option awards or grants made to Participant and (ii) provides for the acceleration of Options vesting or for a longer extension period for the exercise of the Options in the case of a Change in Control or a particular event of termination of Participant's employment with Company (e.g., an event of termination governed by Section 5(b)(i)) to this Agreement than is provided in the provision of this Section 5 applicable to a Change in Control or to the same event of employment termination; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(f) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's employment by Company or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(g) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(h) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant, may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an Employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant's employment or service as an Employee.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of the Company following a public offering of the Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date: _____

Total Options Awarded: _____

Exercise Price Per Share: _____

Severance Benefits Agreement: _____

Vesting Schedule: _____

“Company”

AutoWeb, Inc., a Delaware corporation

By: _____
[Company Representative]
[Title]

“Participant”

By: _____
[Participant’s Name]
[Title]

AUTOWEB, INC.

2018 Equity Incentive Plan Restricted Stock Award Agreement

This Restricted Stock Award Agreement (“**Agreement**”) is entered into effective as of the Award Date set forth on the signature page to this Agreement (“**Award Date**”) by and between AutoWeb, Inc., a Delaware corporation (“**Company**”), and the person set forth as Participant on the signature page hereto (“**Participant**”).

This Agreement and the shares of restricted stock granted hereby are subject to the provisions of the AutoWeb, Inc. 2018 Equity Incentive Plan (“**Plan**”). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. **Award of Restricted Stock**. Company hereby awards to Participant the number of shares of common stock of Company, par value \$0.001 per share, set forth on the signature page to this Agreement (“**Restricted Shares**”), subject to the Forfeiture Restrictions set forth herein.

2. **Forfeiture Restrictions Lapse Schedule**. All Restricted Shares awarded pursuant to this Agreement are subject to forfeiture back to Company as may be provided in Section 3 (“**Forfeiture Restrictions**”) subject to the Forfeiture Restrictions lapsing in accordance with the vesting schedule set forth on the signature page to this agreement (“**Vesting Schedule**”).

3. **Effect of Certain Events on Forfeiture Restrictions**.

(a) **Termination of Employment**.

(i) **Termination of Employment By Company Without Cause or By Participant With Good Reason**. In the event Participant’s employment with Company is terminated by Company without Cause or by Participant for Good Reason, the Forfeiture Restrictions on the Restricted Shares that have not lapsed prior to such termination of employment shall lapse. For purposes of this Agreement, the terms “**Cause**” and “**Good Reason**” shall have the meanings ascribed to them in the Severance Benefits Agreement by and between Company and Participant and referenced on the signature page to this Agreement, as such agreement may be amended from time to time (“**Severance Benefits Agreement**”).

(ii) **Termination of Employment By Company For Cause or By Participant Without Good Reason**. Upon the termination of Participant’s employment by Company for Cause or by Participant without Good Reason, any Restricted Shares that remain subject to the Forfeiture Restrictions at the time of termination of employment shall be immediately forfeited and cancelled.

(iii) **Termination of Employment By Reason of Participant’s Death**. Upon the termination of Participant’s employment by Company by reason of Participant’s death, the Forfeiture Restrictions on the Restricted Shares that have not lapsed prior to such termination of employment shall lapse.

(iv) Termination of Employment By Company By Reason of Participant's Disability. Upon the termination of Participant's employment by Company by reason of Participant's Disability, the Forfeiture Restrictions on the Restricted Shares that have not lapsed prior to such termination of employment shall lapse. For purposes of this Agreement, "**Disability**" shall mean Participant becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(b) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Restricted Shares shall be determined by the applicable provisions of the Plan (including, without limitation, Article 10 of the Plan), provided that (i) to the extent the Restricted Shares are assumed or substituted by the successor company in connection with the Change in Control (or the Restricted Shares are continued by Company if it is the ultimate parent entity after the Change in Control), the Forfeiture Restrictions shall lapse in accordance with clause (i) of Section 10.2(a) of the Plan only if Participant's employment is terminated within twenty-four (24) months following the date of the Change in Control by Company or a Subsidiary (or the successor company or a subsidiary or parent thereof) without Cause or by Participant for Good Reason; and (ii) the Restricted Shares shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) for purposes of Section 10.2(a) of the Plan if the Restricted Shares are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Restricted Shares. If the Restricted Shares are not deemed assumed, substituted or continued for purposes of Section 10.2(a) of the Plan, the Restricted Shares shall be deemed not assumed, substituted or continued and shall be governed by Section 10.2(b) of the Plan.

(c) Forfeiture upon Engaging in Detrimental Activities. If, at any time while any Restricted Shares remain subject to the Forfeiture Restrictions or within the twelve (12) months after (i) the Forfeiture Restrictions lapse as to any Restricted Shares; or (ii) the effective date of any termination of Participant's employment by Company or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) Restricted Shares still subject to Forfeiture Restrictions shall be forfeited effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement; (y) Restricted Shares for which the Forfeiture Restrictions have lapsed but that are still in the possession of or control of Participant shall be forfeited and returned to Company effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement; and (z) the amount of any proceeds realized by Participant from any sale or other transfer of Restricted Shares as to which the Forfeiture Restrictions had lapsed shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(d) Reversion of Forfeited Shares to Plan. Any Restricted Shares that are forfeited shall be cancelled and revert to the Plan and shall again be available for Awards under the Plan.

(e) Reservation of Committee Discretion to Accelerate Lapse of Forfeiture Restrictions. The Committee reserves the right, in its sole and absolute discretion, to accelerate the lapsing of the Forfeiture Restrictions under circumstances not otherwise covered by the foregoing provisions of this Section 3. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

4. Restrictive Legend. Until Forfeiture Restrictions lapse, all book entry accounts (or if applicable, certificates) representing the Restricted Shares shall bear the following legend in addition to all other legends applicable to shares of Company's common stock:

The shares represented by this Advice [or Certificate, if applicable] are subject to forfeiture to and recoupment by AutoWeb, Inc. and may not be sold or otherwise transferred except pursuant to the provisions of the 2018 Equity Incentive Plan Restricted Stock Award Agreement by and between AutoWeb, Inc. and [Participant] dated as of [Award Date].

As Forfeiture Restrictions lapse and Participant has made arrangements satisfactory to Company to satisfy applicable tax-withholding obligations, Company shall cause the foregoing restrictive legend to be removed with respect to Restricted Shares that are no longer subject to the Forfeiture Restrictions. Notwithstanding the foregoing, Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of Company following a public offering of Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

5. Section 83(b) Election Notice. If Participant elects under Section 83(b) of the Code to be taxed immediately on the Restricted Shares rather than as the Forfeiture Restrictions lapse, Participant must notify Company of the election within ten (10) days of filing that election with the Internal Revenue Service.

6. Miscellaneous.

(a) Nontransferability of Restricted Shares. The Restricted Shares shall be nontransferable or assignable except to the extent expressly provided in the Plan. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(b) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(c) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(d) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(e) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant may by writing to the other party designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(f) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Restricted Shares shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant's employment or service as an Employee.

(g) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto on any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(h) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Restricted Shares are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(i) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Award Date: _____

Number of Restricted Shares: _____

Severance Benefits Agreement: _____

Vesting Schedule: _____

“Company”

AutoWeb, Inc., a Delaware corporation

By: _____
[Company Representative]
[Title]

“Participant”

By: _____
[Participant’s Name]
[Title]

CERTIFICATION

I, Jared R. Rowe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AutoWeb, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ Jared R. Rowe
Jared R. Rowe
President and Chief Executive Officer

CERTIFICATION

I, Wesley Ozima, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AutoWeb, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ Wesley Ozima

Wesley Ozima
*Senior Vice President and
Interim Chief Financial Officer*

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AutoWeb, Inc. (the “*Company*”) on Form 10-Q for the period ended June 30, 2018 (the “*Report*”), we, Jared R. Rowe, President and Chief Executive Officer of the Company, and Wesley Ozima, Senior Vice President and Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Jared R. Rowe

Jared R. Rowe
President and Chief Executive Officer
August 2, 2018

/s/ Wesley Ozima

Wesley Ozima
*Senior Vice President and
Interim Chief Financial Officer*
August 2, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to AutoWeb, Inc. and will be retained by AutoWeb, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
